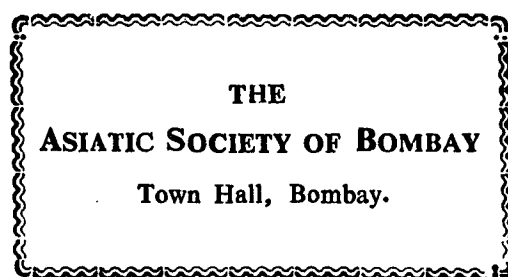




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PAPERS

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RELATING TO THE

AFFAIRS OF THE CEYLON RAILWAY.

CEYLON.

CEYLON.

No. 1.

No. 1.

Copy of a DESPATCH from the Officer Administering the Government of Ceylon to the DUKE of BUCKINGHAM and CHANDOS.

(No. 133.)

The Queen's House, Colombo, December 15, 1868.

(Received January 18, 1869.)

(Answered No. 50, March 18, 1869, page 44.)

MY LORD DUKE,

I ENCLOSE for your Grace's information the Report of the Railway Officers for the half-year ended 31st December, 1867, and certain printed statements showing the cost of the construction of the Railway from Colombo to Kandy, the results of the working of the Railway during the year 1867, and the amount with which the Sinking Fund commenced on 1st January, 1868.

This amount is now ascertained to be 127,143*l.* 14*s.* 2*d.*, instead of 126,504*l.* 17*s.* 4*d.*, as reported in Sir H. Robinson's Despatch, No. 106, of the 3rd May last. Considerable efforts have been made to ascertain beyond all doubt the exact balances on the Construction and Revenue Accounts of the Railway on the 31st December, 1867. How far these efforts have been successful will be seen from the enclosed copy of correspondence on the subject, which I beg leave to submit to your Grace, with an expression of my hope that you will approve of my adoption of the view expressed by the Auditor-General, that it would serve no practical end to go further into the question of these Accounts.

The Duke of Buckingham and Chandos,
&c. &c. &c.

I have, &c.,
(Signed) STUDHOLME HODGSON.

Enclosures in No. 1.

Encl. in No. 1.

REPORT FOR THE HALF-YEAR ENDED 31st DECEMBER, 1867.

From the DIRECTOR-GENERAL, Ceylon Government Railway, to the Honourable the COLONIAL SECRETARY.

(No. 71.)

Colombo, June 9, 1868.

I have the honour to forward, for the information of His Excellency the Governor, the Reports of the Engineer and Traffic Manager for the half-year ended 31st December, 1867.

The railway was completed in October, 1867, and the line fully opened for traffic on the 1st of that month, although passengers and a limited quantity of goods had been carried for some time previously.

The cost of the line, exclusive of interest on debentures, and after making a fair deduction for the exceptional expenses incidental to the formation and dissolution of the late Company, amounts to 1,436,127*l.*, or about 19,148*l.* per mile, a cost which (considering the rugged character of the country, the excessive unhealthiness of a large portion of it, and the fact that the labour of Ceylon is almost entirely imported) may be considered extremely moderate. It may not be out of place to recapitulate briefly the causes which have led to the exceptional expenditure to which I have alluded above.

In the year 1847 a company was formed for the construction of a line from Colombo to Kandy, and the concession of a guarantee, on the Indian principle, was sought from Government, but it was not until 1856 that a provisional agreement was made between the Government and the Company. The terms of

Ceylon, the guarantee were 6 per cent. on all capital not exceeding 800,000*l.*, and 5 per cent. on all capital expenditure beyond that amount.

Before this concession was ratified it was deemed expedient that an engineer on the part of Government should examine the country, with the view of reporting whether the railway could be constructed with the amount for which the Colony was willing to grant such a guarantee; and at the beginning of 1857 Captain Moorson was sent out by the Secretary of State for that purpose, his staff of surveyors having been sent out a month in advance of him. His report, dated two months after his arrival at Galle, dealt with the respective merits of six different routes, averaging from 80 to 100 miles in length, through country probably unequalled for the obstacles it presents to reconnaissance and survey.

It is not surprising that the results of so hurried an estimate should have proved fallacious.

The route selected by Captain Moorson was identical (excepting some slight modifications) with a route selected by Mr. Drane, who had previously surveyed the country for the railway company. It took the general direction of the present line for 35 miles, and thence skirted the south bank of the Maha Oya, far as the 57th mile; it then diverged up the Hingula, Gadadessa, and Parnapettie Valleys to Ilukwa about nine miles from Kandy, and thence along the present trace to Kandy. The length of this line was 80 miles, and Captain Moorson's estimate for the single line was 856,557*l.*, including land, works, station rolling stock, management, and contingencies. The concession was therefore granted by Government to the Company, and a staff of engineers was sent out under Mr. Doyne, the Company's Chief Resident Engineer, at the end of 1857.

It soon became apparent, however, to Mr. Doyne that the estimate of Captain Moorson, so hurriedly framed, was wholly insufficient for the completion of the line. In working out the details of the line selected, the proposed gradient of 1 in 60 had to be reduced to 1 in 50, and it became necessary to introduce two reversing stations on the incline, whilst the proposed works were of a very heavy character; and being of opinion that the line selected was the best that could be obtained for a locomotive line, Mr. Doyne attempted to reduce the cost by ascending the mountain passes with a stationary engine incline, about three miles long, with gradients of 1 in 16. The cost of this he estimated at 2,214,000*l.*

Surprised and alarmed at the enormous discrepancy between these estimates, the Government determined in August, 1859, that the question of probable cost should be referred to Mr. Robert Stephenson, and that Mr. Doyne should proceed to England, taking with him the plans, sections, and other data necessary to enable Mr. Stephenson to arrive at a conclusion on the subject. The death of Mr. Stephenson, before he completed this investigation, and the subsequent reference of it to Mr. Hawkshaw, entailed so much delay that it was not until June, 1860, that Mr. Hawkshaw made his Report.

The views expressed by Mr. Hawkshaw were, that a stationary engine incline was inadmissible, and that a modification of Captain Moorson's route might be made by reducing the railway gradient to 1 in 40, but that the line could not be constructed and stocked, under any circumstances, for 1,500,000*l.*, though it might be for 1,872,000*l.* At this period I was acting on behalf of the Company as their Chief Resident Engineer and Agent, and during the year which elapsed pending this reference, I employed the engineering staff (with the consent of the Government) in surveying a new route, which appeared to me to give greater facilities for a locomotive line through the mountain passes than that selected by my predecessors.

The results of these surveys were highly satisfactory; the new trace *via* Deekanda effected a saving of five miles in the length of the works on the Pass; the works were lighter mile for mile, and the soil less treacherous than that of the Valley of the Gadadessa. The advantage gained on the incline alone was estimated at more than 300,000*l.* In addition to this, seven miles of excessively heavy work along the banks of the deadly Maha Oya have been avoided; and the experience of this river shows that it is impossible to calculate what additional cost such extensive works on its banks might have entailed. The cost of the line was further reduced by transferring the trace from the south to the north side of the river, as suggested by Mr. Doyne, shortly before his departure.

The Colony however, dissatisfied with the uncertainty involved in the guarantee to the Company, decided upon the dissolution of the contract by mutual agreement; and this was effected towards the close of 1861.

At the date of dissolution the expenditure was 382,138*l.*; this included interest to shareholders, preliminary expenses, the cost of Captain Moorson's mission, and the expenses of the Acts for the formation and dissolution of the Company. Out of this the assets available for the construction of the railway, in land, works, materials, permanent way, surveys, and cash, were only 125,000*l.*

To complete the railway the following expenditure has been necessary,	
under contract with Mr. Faviell	£873,039
Beyond the contract, after deducting interest on debentures, and stores in hand	438,088
	1,311,127
Total	£1,436,127

On the 2nd of February, 1863, a contract was concluded between the Government of Ceylon and Mr. Faviell, for the construction of the line in four years; but, in consequence of the excessive sickness in the unhealthy districts, the term of completion was extended to four years and eight months, and the Government has paid to the Contractor an additional sum of 58,202*l.*, in consideration of the unusual difficulties experienced by him in the construction of the line.

The only portion of this contract which has not worked satisfactorily is that affecting the expenditure on stations.

The railway has been well and substantially constructed; the way and works have been kept in efficient repair during the past half-year; and the permanent way is now in excellent running order. I annex a statement showing the leading characteristics of the railway.

At the break of the monsoon the traffic was interrupted for a few days by heavy landslips accompanied by boulders on the incline, but such interruption must be expected during the break of the monsoon.

many years to come. The slips were however rapidly cleared, the fencing is in better order, but still very liable to gaps towards the end of the dry season, owing to the ravages of the white ants, and the trespass of buffaloes. The adoption of cow-catchers has however reduced to the minimum the risk from cattle trespass.

The results of the opening of the line have been very satisfactory, and the traffic greater than I had expected for the first year. I annex a diagram showing the fluctuation of the weekly traffic, compared with that of previous years. The traffic has come upon the railway in a manner which has seriously tested its powers. Most of the carts formerly plying between Colombo and Kandy were suddenly released to ply between the estates and the railway terminus, thus causing a flush of traffic on the railway, which I believe is exceptional, and scarcely likely to happen again, as the decrease of cart licences in the Western Province from 2,000 to 4,000, is unaccompanied by a corresponding increase in the Central Province; and the export returns show that on the 26th December, 1867, the exports of coffee were 75,000 cwts. in excess of the shipments at a corresponding date on the previous year. An impression appears to exist that the proportion of coffee carried by cart to Colombo was much greater than shown by the returns of the level crossings, but I have had the quantity checked by the police returns and other information, and the accounts agree so closely that I cannot but adopt them as correct. The erroneous impression appears to have arisen from the belief that all coffee conveyed by the native cart contractors has been carried entirely by carts, whereas the cart contractors have freely availed themselves of the railway.

The opening of a railway in a new country is invariably attended with great difficulties. The clerks, porters, and signallers are necessarily untrained and inexperienced, and the freighters and station masters new to the all-necessary arrangements. But the Ceylon Railway had to contend with an unusual share of such difficulties. The drivers and breaksmen were unaccustomed to work such a gradient as that on the incline; the flush of goods glutted the stations, and the break of the monsoon occurred shortly after the opening; obstructions consequent on landslips caused the traffic to accumulate at the terminus; the telegraph, scarcely completed, was not in good working order; and the rolling stock was short of its proper complement by forty-five waggons, owing to the late arrival of English consignments; all added to the difficulties inseparable from such an undertaking; but notwithstanding these impediments, the opening has been very satisfactory. There was a glut at the stations for a few days, but it was quickly relieved, and the traffic was carried down in a manner which reflects the greatest credit on the arrangements and efforts of the Traffic Manager and the Locomotive Engineer.

After careful consideration of the working expenses, I find it difficult to institute a satisfactory comparison between the details of the past and the preceding half-years; the cases are dissimilar, the periods broken, and the conditions of working exceptional. I observe, however, with pleasure, that there is a reduction in the cost per train mile, and although there is an apparent increase in the locomotive expenses, the proportional cost, taking all the elements of expense into consideration, is really lower than that of the preceding half-year.

I am also glad to observe, after a close analysis of the working expenses of the Indian lines, and an examination into the various causes which affect their expenditure, that the Ceylon Railway bears a very favourable comparison with them in point of economy.

I have, &c.
(Signed) GUILFORD L. MOLESWORTH,
Director-General.

STATEMENT SHOWING THE CHIEF CHARACTERISTICS OF THE CEYLON RAILWAY.

Total length, 75 miles, single line.
Formation width, 20 feet, 18 feet in rock cuttings.
Weight of rails, 72 lbs. per yard.
Gauge, 5 feet 6 inches.
Sleepers, 9 feet 9 inches long $\times$ 10 inches $\times$ 5 inches.
Do. average distance apart, 3 feet.
Two additional sleepers per length of rail on the incline.
Length of incline, 12 miles.
Ruling gradient on lower portion of the line, 1 in 100.
Gradient of incline, 1 in 45 throughout.
Majority of curves on incline, 10 chains.
Majority of curves on the lower portion, 20 chains radius.
Number of tunnels on the lower portion of the line, 1.
Number of tunnels on the incline, 10.
Length of longest tunnel, 365 yards.
Number of stations, 10.

GUILFORD L. MOLESWORTH.

No. A $\frac{1}{705}$

Ceylon Government Railway, Traffic Manager's Office,
Colombo, April 20, 1868.

SIR,

I have the honour to lay before you the following report on the working of the railway in the half-year ended December 31, 1867.

* The half-year will be memorable as the one in which the line was opened for traffic throughout between Colombo and Kandy, and as the one in which for the first time the receipts exceeded the working expenses.

Ceylon.

During the month of July the line was open only as far as Polgubawela, but on the 1st August the works were so far advanced as to admit of passenger trains running daily between Colombo and Kandy. The first goods train was run on the 16th of September, and on the 1st October the line may be said to have been in full working order.

The average length of line open for traffic during the half year was 69½ miles.

The number of train miles run was 92,986.

The number of passengers booked was 90,040, and the receipts therefrom 15,451*l.* 13*s.* 4*d.*, viz.:—

	No.	£	s.	d.
1st class	2,130	1,487	7	9
2nd „	2,990	1,262	14	11
3rd „ and Coolies	84,920	12,701	10	8
	90,040	£15,451	13	4

The receipts from the minor heads of coaching traffic were as follows:—

	No.	£	s.	d.
Parcels	8,103	903	19	2
Carriages	101	158	3	6
Horses	364	277	11	0
Dogs	563	45	19	0
		£1,385	12	8

The tonnage of goods carried during the half-year was 44,576 tons, realizing 48,748*l.* 8*s.* 4*d.*

The receipts from live stock traffic amounted to 36*l.* 4*s.* 10*d.*

The receipts from other sources amounted to 425*l.* 11*s.* 4*d.*, viz.:—

	£	s.	d.
Rent of bungalows	111	2	7
Demurrage	62	4	3
Waggon hire	177	11	5
Interest	41	18	4
Sundries	32	14	9
	£425	11	4

The following Table shows the traffic in each month of the half-year:—

TABLE I.

Month.	Coaching.		Goods.		Live Stock.	Total.	
	No. of Passengers.	Total Receipts.	No. of Tons.	Amount.			
		£ s. d.		£ s. d.	£ s. d.	£ s. d.	
July	8,489	1,151 15 2	1,594	906 3 3	4 4 8	2,062 9 1	
August	19,768	3,669 12 6	1,525	836 10 10	0 15 4	4,506 18 8	
September	16,322	3,155 19 7	4,307	4,074 16 0	6 11 10	7,237 7 5	
October	15,946	2,858 17 8	10,619	12,366 0 9	12 6 10	15,237 5 3	
November	12,037	2,383 12 0	11,980	13,665 18 4	3 15 0	16,053 5 4	
December	17,478	3,617 9 1	14,551	16,898 13 2	8 11 2	20,521 13 5	
	90,040	16,837 6 0	44,576	48,748 8 4	36 4 10	65,621 19 2	

The following Tables show the details of the Cost of Working incurred in the several Departments during the Half-year:—

TABLE II.—MAINTENANCE OF WAY EXPENSES.

	Amount.	Cost per Mile open.	Cost per Train Mile.
	£ s. d.	£	s. d.
Under Contract	10,686 6 9	153.4	—
Beyond the Contract	389 19 0	5.6	—
Total	11,076 5 9	159.0	2 4.6

AFFAIRS OF THE CEYLON RAILWAY.

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TABLE III.—LOCOMOTIVE and CARRIAGE EXPENSES.

CEYLON.

LOCOMOTIVE.	Amount.			Cost per Mile open.	Cost per Train Mile.	
	£	s.	d.		s.	d.
Salaries of Superintendent, Foremen, Clerks, &c.	1,368	14	0	—	0	3·2
Wages of Enginemen, Foremen, &c.	3,370	7	9	—	0	8·8
Fuel	5,305	0	11	—	1	1·7
Oil, Tallow, Waste, &c.	788	5	9	—	0	2·1
Water	181	19	7	—	0	0·5
Repairs of Engines and Tenders	1,411	10	0	—	0	3·7
Office Expenses	58	8	2	—	0	0·2
Sundry Charges	68	11	11	—	0	0·2
Total	12,552	18	1	£180·2	2	8·4
Repairs of Carriages and Waggon	1,012	6	5	14·5	0	2·6

TABLE IV.—TRAFFIC, POLICE, and TELEGRAPH CHARGES.

TRAFFIC.	Amount.			Cost per Mile open.	Cost per Train Mile.	
	£	s.	d.		d.	
Salaries of Manager, Station-masters, Clerks, &c.	1,866	6	0	—	4·8	
Wages of Guards, Porters, &c.	1,877	15	4	—	4·8	
Oil, Grease, and other Stores	649	13	1	—	1·7	
Stationery and Printing	87	6	8	—	0·2	
Sundry Charges	17	14	2	—	0·1	
Total	4,498	15	3	£64·6	11·6	
POLICE.						
Wages, Clothing, and Stores for Police, Pointsmen, Gatemen, &c.	833	18	1	12·0	2·2	
TELEGRAPH.						
Salaries of Signallors, &c.	418	9	2	6·0	1·1	

TABLE V.—GENERAL CHARGES.

	Amount.			Cost per Mile open.	Cost per Train Mile.	
	£	s.	d.		£	d.
Director-General's Office	180	4	0	2·6	0·5	
Audit, Pay, and Accountant's Office	334	15	0	4·8	0·9	
Auditor-General's Office	89	15	6	1·3	0·2	
Stores Department	265	17	5	3·8	0·7	
Rates and Taxes	55	19	0	0·8	0·1	
Claims for Compensation	453	12	2	6·5	1·2	
Sundry Charges	49	10	0	0·7	0·1	
Total	1,429	13	1	20·5	3·7	

The amount paid for compensation is made up as follows :—

	£	s.	d.
For goods destroyed in Rambukan accident, 30th September	187	2	1
For goods destroyed by fire	188	14	9
„ lost in transit	41	3	0
„ damaged	36	12	4
	£453	12	2

TABLE VI.—SUMMARY of RECEIPTS and EXPENSES.

RECEIPTS.	Amount.	Per Train Mile.	Per Mile of Line open.	EXPENSES.	Amount.	Per-centage of Receipts.	Per Train Mile.	Per Mile of Line open.
	£ s. d.	s. d.	£		£ s. d.		s. d.	£
Coaching	16,837 6 0	3 7·5	241·7	Maintenance	11,076 5 9	16·8	2 4·6	159·0
Goods and Live Stock	48,784 13 2	10 6·0	700·2	Locomotive Power	12,552 18 1	19·1	2 8·4	180·2
Sundries	425 11 4	0 1·1	6·1	Repairs of Carriages and Waggon	1,012 6 5	1·5	0 2·6	14·5
				Traffic Charges	4,498 15 3	6·8	0 11·6	64·6
				Police Charges	833 18 1	1·3	0 2·2	12·0
				Telegraph Charges	418 9 2	0·7	0 1·1	6·0
				General Charges	1,429 13 1	2·1	0 3·7	20·5
Total	66,047 10 6	14 2·6	948·0	Total	31,822 5 10	48·3	6 10·2	456·8

Ceylon.

Twice at least during the half-year the stations above the Pass may be said to have been blocked with traffic, owing partly to the insufficiency of the station accommodation, and partly to the limited supply of locomotive and rolling stock on the line. The blocks, however, were but temporary, and of very short duration, causing comparatively little inconvenience to traders.

The extent of the traffic by carts between Colombo and the Central Province, since the opening of the railway, has been ascertained to average from 60 to 70 tons per day. These figures are taken from the Railway Level Crossing returns, and the returns received from the Kadugannawa Police Station, of the number of carts passing those places.

During the latter part of the month of October, when the north-east monsoon prevailed, owing to landslips on the incline between Kadugannawa and Rambukkan, the traffic of the line was seriously interrupted, and the mail service between Colombo and Kandy and the Central Province completely upset. The inconvenience to the public was of course very great, and the loss to the railway revenue considerable. As an instance, showing the serious nature of the obstructions on the Incline, I may mention that the passenger train which left Colombo at 7.0 A.M. on the 31st October, did not reach Kandy (a distance of 74½ miles) until 8.10 A.M. on the 2nd November.

The working of the telegraph during the period of landslips, as indeed throughout the half-year, was most unsatisfactory, and for all practical purposes all but useless.

The approach roads to the stations generally may be said to be in good order, with the exception of Kandy, which was in a very unfinished state, and at times almost impassable for carts.

The only accident of a serious nature (happily, however, unattended with loss of life) was near Rambukkan, on the 30th September, when a train of fourteen loaded goods waggons and a break van became detached from the engine, about three miles up the Kadugannawa incline. By this accident two covered waggons were broken up, a third one seriously damaged, and goods to the value of 187l. destroyed.

On the 14th November, a pointsman at the Kadugannawa station, by holding the points wrong, was thrown on the line, and his arm was so badly broken by the engine passing over it, that it had to be amputated. This was the only casualty to the employes of my department.

The number of cattle reported as killed, while trespassing on the line during the half-year was thirty, but the number actually killed was undoubtedly much greater, as, owing to all the engines being fitted with cow-catchers, it not unfrequently happens that cattle are killed without the knowledge of the guards.

I have, &c.,

E. ROBINSON,

Finance and Traffic Manager.

The Director-General, Ceylon Railway.

TABLE OF AVERAGES, &c., HALF-YEAR ENDED 31ST DECEMBER, 1867.

PASSENGERS.

	Number of Passengers.				Amount.								Number of Miles travelled by Passengers.			
	1st Class.	2nd Class.	3rd Class.	Total.	1st Class.	2nd Class.	3rd Class.	Total.	1st Class.	2nd Class.	3rd Class.	Total.				
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	
Ordinary	2,114	2,975	84,550	89,639	1,478	1 9 1	1,255	19 11	12,590	10 8	15,324	12 4	124,146	156,423	3,157,663	3,438,232
Excursion	16	15	370	401	9	6 0	6	15 0	111	0 0	127	1 0	2,400	2,250	55,158	59,808
Total	2,130	2,990	84,920	90,040	1,487	7 9	1,262	14 11	12,701	10 8	15,451	13 4	126,546	158,673	3,212,821	3,498,040

	Average Number of Miles travelled by each Passenger.				Average Fare of each Passenger.				Average Fare per Mile travelled by each Passenger.																							
	1st Class.	2nd Class.	3rd Class.	Total.	1st Class.	2nd Class.	3rd Class.	Total.	1st Class.	2nd Class.	3rd Class.	Total.																				
	s.	d.	s.	d.	s.	d.	s.	d.	d.	d.	d.	d.																				
Ordinary	58	725	52	579	37	346	38	356	13	11	805	8	5	324	2	11	738	3	5	030	d.	2	857	d.	1	927	d.	0	957	d.	1	070
Excursion	150	150	149	075	149	147	11	7	500	9	0	6	0	6	4	039	0	930	0	720	0	483	0	510								
Total	59	411	53	067	37	833	38	849	13	11	588	8	5	357	2	11	896	35	186	2	821	1	909	0	949	1	460					

Train Mileage = 92,986.

GOODS AND LIVE STOCK.

	Tons of Goods.	Waggons of Live Stock.	Amount.	Average Rate per Ton.	Average Rate per Waggon.
Goods	44,576	—	£ 48,748 8 4	s. 21 10 464	s. —
Live Stock	—	31	36 4 10	—	23 4 560

Colombo, 20th April, 1868.

E. ROBINSON,

Finance and Traffic Manager.

CEYLON.

cause the locomotive working expenses to be heavy ; three engines being required to work up this incline a train of twenty waggons.

The rolling stock has been kept in efficient order. I annex the usual return of it. The four engines for Kadugannawa incline have arrived since the close of the half-year, and are now being fitted up. Four passenger engines are being constructed in England; they have larger driving wheels than the present ones, and are better adapted for this particular traffic.

The landslips on Kadugannawa incline during the break of the north-east monsoon did damage to three of the locomotives, and necessitated heavy repairs.

Two covered goods waggons have been built to replace two broken by the accident at Rambukkan. These have been charged against carriage and waggon repairs.

Considerable difficulties were experienced during last half-year's working from a scarcity of water along the line for the locomotives. This is being remedied; an ample supply has now been obtained at Rambukkan, the foot of the incline, where the greatest difficulties existed.

There is at present a heavy loss on locomotive coal, from exposure; it is necessary that a large shed be erected for the storage and preservation of this coal, which forms so heavy an item of expenditure in railway working.

There has again been considerable loss from sickness among the European staff, more especially among the European foremen.

I have, &c.,
(Signed) E. STRONG,
Locomotive Engineer.

RETURN OF ROLLING STOCK at present here, and all the additional ROLLING STOCK ordered and constructing.

Remarks.	Locomotives.					Vehicles for Passenger Traffic.							Vehicles for Goods Traffic.									
	Passenger Engines.	Goods Engines.	Incline Engines.	Shunting Engines.	Totals.	Saloon Carriages.	1st Class Carriages.	2nd Class Carriages.	3rd Class Carriages.	Horse Boxes.	Carriage Trucks.	Break Vans.	Totals.	Covered Goods Wag- gons.	Deep-sided Wag- gons.	Low-sided Wag- gons.	Timber Swivel Wag- gons.	Travelling Cranes.	Gunpowder Wag- gons.	Cattle Wagons.	Break Vans.	Totals.
Rolling Stock at present on the Line - - - - -	0	15	0	2	17	2	4	10	24	6	4	6	56	159	60	16	10	5	1	18	12	276
Ditto ditto fitted up here - - -	0	0	4	0	4	0	0	0	0	0	0	0	0	41	0	0	0	0	0	0	0	41
Ditto ordered in 1867 - - - - -	4	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ditto ditto 1868 - - - - -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	4
	4	15	4	2		2	4	10	24	6	4	6		200	60	16	10	5	1	18	16	
	Total - 25					Total - 56							Total - 321									

Colombo, 20th April, 1868.

E. STRONG,
Locomotive Engineer.

RAILWAY STATEMENTS.

- I.—Statement showing total cost of Construction of Ceylon Government Railway, and the sources from which the sums were provided between January, 1858, and 31st December, 1867.
- II.—Progress Statement of Expenditure for Railway Construction.
- III.—Recapitulation Statement of the account with the Contractor, from first to last, for the construction of the Railway.
- IV.—General Statement of the Revenue Account of the Ceylon Government Railway for the year ended 31st December, 1867.
- V.—Statement showing amount with which Sinking Fund commences under Ordinances No. 7 of 1866 and No. 10 of 1866.

AFFAIRS OF THE CEYLON RAILWAY.

11

PRIOR TO CONTRACT.				EXPENDITURE.				PRIOR TO CONTRACT.				SOURCES FROM WHICH MET.				£				s.				d.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
Repayment of Capital to the Railway Company				Guaranteed Interest				Expenses attending Captain Moorom's mission to Ceylon				Salaries to Government Auditors				to Official Directors				to Advising, Consulting, and Inspecting Engineers				and remuneration for sundry Special Services				The Railway Company in final settlement of outstanding claims, contracts, &c.				Sundry miscellaneous charges				Law charges				Commission and Brokerage				Discount and Interest				Expenses of Act of Parliament																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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T. B. STEPHEN,
Acting Auditor-General.

* This amount is less by £367s. 14d. due to the Contractor.

Audit Office,
Colombo, 17th August, 1868.

II.—Progress Statement of Expenditure for Railway Construction.

	Amount of sanctioned estimates for work.		ACTUAL EXPENDITURE.												Total.
	£ s. d.		In 1863.		In 1864.		In 1865.		In 1866.		In 1867.				
			£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.			
UNDER THE CONTRACT.															
Earthworks	-	-	69,107	9 5	44,401	9 2	58,277	13 0	57,712	11 2	8,532	2 10	238,021	5 7	
Tunnels	-	-	5,521	0 0	20,140	0 0	29,433	0 0	18,616	0 0	1,001	0 0	74,711	0 0	
Bridges	-	-	21,641	0 0	16,197	12 9	12,311	15 9	19,546	5 6	3,118	0 0	72,814	14 0	
Culverts	-	-	3,503	12 0	9,133	6 0	8,055	16 0	8,379	12 0	2,788	4 0	31,860	0 0	
Retaining Walls	-	-	-	-	1,315	0 0	3,227	0 0	4,529	10 0	1,189	2 0	10,260	12 0	
Stations and Station Fittings	-	-	1,700	0 0	14,334	17 11	30,390	4 3	3,209	0 1	-	0 0	49,634	2 3	
Fencing, Clearing Jungle, &c.	-	-	2,989	0 0	5,056	0 0	4,945	0 0	6,434	0 0	5,180	0 0	24,604	0 0	
Division of Roads, &c.	-	-	3,175	0 0	2,622	0 0	1,607	0 0	747	0 0	759	0 0	8,910	0 0	
Transport of Staff	-	-	6,200	0 0	1,400	0 0	400	0 0	-	-	-	0 0	8,000	0 0	
Permanent Way	-	-	19,780	2 8	20,723	10 4	17,933	16 3	23,091	8 1	17,286	12 9	98,821	10 1	
Contingencies	-	-	9,476	15 6	12,574	3 10	6,681	12 4	9,045	10 7	3,353	2 4	41,137	4 7	
Value of Materials taken over in Ceylon omitted to be inserted in the Statement of previous years	-	-	143,093	19 7	147,904	0 0	173,262	17 7	151,310	17 5	43,203	3 11	658,774	18 6	
Expenditure by Crown Agents according to the Certificates of the Chief Resident Engineer	-	-	-	-	-	-	-	-	-	-	-	-	22,622	7 1	
Total under Contract	-	-	216,000	0 0	87,075	14 5	18,496	7 0	40,196	2 6	20,705	7 1	191,605	19 8	
BEYOND THE CONTRACT.															
Land and Compensation	-	-	168,226	8 3	234,979	14 5	191,759	4 7	191,506	19 11	63,908	11 0	873,003	5 3	
Salaries—Engineering Establishment	-	-	7,657	5 10	9,839	4 3	5,000	5 7	703	17 3	1,198	3 0	24,398	15 11	
Allowances	-	-	6,485	13 10	10,376	2 3	13,578	0 3	15,778	15 11	9,282	16 7	55,501	8 10	
Wages of Peons	-	-													
Miscellaneous	-	-													
Rent and Repairs of Office	-	-	2	0 0	658	15 1	5,596	10 1	3,988	5 3	7,317	10 10	17,563	1 3	
Printing and Stationery	-	-	-	-	-	-	2,500	0 0	-	-	3,687	6 3	6,187	6 3	
Rolling Stock and Machinery	-	-	-	-	-	-	-	-	301	17 0	819	8 2	819	8 2	
Extra Work and Contingencies	-	-	-	-	-	-	-	-	30,122	0 8	22,044	15 4	52,166	16 0	
Telegraph	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Extra Station work	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Expenditure by Crown Agents for extra Station work	-	-	14,144	19 8	20,874	1 7	26,674	15 11	50,894	16 1	44,048	3 2	156,636	16 5	
Expenditure by Crown Agents	-	-	8,459	11 5	39,397	7 5	24,110	11 2	6,620	2 2	3,447	4 5	10,447	6 7	
Amount set aside for additional Rolling Stock	-	-	-	-	-	-	-	-	53,422	12 10	90,257	5 2	215,647	8 0	
INTEREST.	-	-	-	-	-	-	-	-	-	-	-	-	25,000	0 0	
Amount of Interest on Debentures issued for construction of Railway	-	-	*436,960	7 8	22,604	11 1	50,785	7 1	110,937	11 1	138,132	12 9	407,731	11 0	
" issued to pay to the late Railway Company	-	-	593,250	0 0	14,997	0 0	16,203	0 0	21,063	0 0	29,872	10 0	89,416	10 0	
	-	-	42,000	0 0	5,910	0 0	5,940	0 0	5,925	0 0	6,213	0 0	35,988	0 0	
	-	-	635,250	0 0	20,907	0 0	22,143	0 0	26,988	0 0	36,085	10 0	125,404	10 0	

* This includes the sum of £185,000 authorized to be expended under the Ordinance No. 10 of 1866, and the further sum of £25,000, under Ordinance No. 11 of 1867.

Audit Office,
Colombo, 12th June, 1868.

GULFORD L. MOLESWORTH,
Director-General.
R. J. CALLANDER,
Auditor-General.

13

CEYLON.

	£	s.	d.
NOTE.—Amount of Contract - - - - -	873,039	12	4
Payments to Contractor, as per above Statement	873,003	5	3
Balance due - - - - -	36	7	1

R. J. CALLANDER,
Auditor-General.

DR. CR.

E. ROBINSON,
Finance and Traffic Manager

CEYLON.

V.—STATEMENT showing the AMOUNT with which the SINKING FUND, created under ORDINANCES No. 7 of 1864, and No. 10 of 1866, commenced on 1st January, 1868.

Balance of Fund created under Clause 4 of Ordinance No. 7 of 1864, for the construction of a railway from Colombo to Kandy	- - - - -	£99,485 19 11½
Net profits realised from working the railway up to 31st December, 1867	- - - - -	27,657 14 3
Total	- - - - -	£127,143 14 2½

Audit Office, Colombo,
4th December, 1868.

T. B. STEPHEN,
Acting Auditor-General.

Ordinance No. 7 of 1864, Clauses 4 and 5.

"4. A separate fund shall be formed and regulated in such manner as the Government may, with the approval of the said Secretary of State, from time to time direct, for the joint purposes of contributing to the construction of the railway, and of paying the interest of the debt incurred for and on account thereof

(including the interest of the debentures issued under the Ordinance No. 10 of 1860), until the 1st day of January, 1867. And such fund shall be composed of the following items, to wit: all sums collected under the Ordinance No. 2 of 1856, entitled, '*An Ordinance to impose a duty on Exports*,' and now remaining unexpended, and all sums to be hereafter collected, on such account, a sum of thirty thousand pounds sterling from the General Revenue for the current, and thirty-five thousand pounds sterling for each of the two succeeding years, the sum of two hundred and fifty thousand pounds voted under the Ordinance No. 3 of 1864, and the profits, if any, arising from the partial working of the railway before the 1st day of January, 1867, as well as the interest realized from the deposit or investment of the balances of Construction Funds, whether derived from the issue of debentures or otherwise. So much of the fund thus composed as is not required for the payment of interest on debentures issued under the Ordinance No. 10 of 1860 and the Ordinance No. 19 of 1862, during the construction of the railway (that is, until the 1st day of January, 1867) shall be applied, as far as possible, to Construction purposes in aid of the proceeds of debentures, and any balance of the fund remaining on the 1st day of January, 1867, shall be paid over to the Sinking Fund to be then formed as hereinafter directed."

"5. From and after the 1st day of January, 1867, the Governor shall appropriate the joint amount of export duty collected under the said Ordinance No. 2 of 1856, and of the profits realised from working the railway, to the payment, in the first place, of the interest due on the debentures issued under the said Ordinances Nos. 10 of 1860 and 19 of 1862 and shall cause the residue thereof to be invested as a Sinking Fund for the final extinction of the debt incurred by the Colony, for and in respect of the construction of the line of railway from Colombo to Kandy; and he shall further, from time to time, cause the dividends, interest, or produce arising from such investment to be further, from time to time, invested, so that the same may accumulate by compound interest. Provided, that if the joint amount of the said export duty and profits in any year after the establishment of the Sinking Fund, shall fall short of 10 per cent. on the total debt incurred by the Colony, as aforesaid, inclusive of the sum raised by debentures under the Ordinance No. 10 of 1860, as the same may stand on the completion of the railway, the difference to make up such 10 per cent. shall be made good from the general revenue of the Colony, and the residue of such completed amount, after deducting the amount of the year's interest, shall be paid to and on account of such Sinking Fund."

"Formation of Sinking Fund."

Ordinance No. 10 of 1866, Clauses 2 and 3.

"1st January, 1868, substituted for 1st January, 1867, in Sections 4 and 5 of the Ordinance 7 of 1864."

"2. Wherever in Sections 4 and 5, of the said Ordinance the 1st January, 1867, is mentioned, the 1st January, 1868, is and shall be substituted instead thereof."

"This Ordinance and No. 7 of 1864 to be deemed one."

"3. This Ordinance and the Ordinance No. 7 of 1864 shall be read and construed as if they formed one Ordinance."

SCHEDULE OF ENCLOSURE 3 OF DESPATCH NO. 133 OF DECEMBER 15, 1868.

From Auditor-General to Colonial Secretary, No. 277, of the 29th April, 1868, with enclosure.

From Auditor-General to Colonial Secretary, No. 530, of 30 July, 1868, with enclosure.

From Colonial Secretary to Auditor-General, No. 564, of 7 August, 1868.

From Auditor-General to Colonial Secretary, No. 572, of 17 August, 1868, with enclosures.

From Colonial Secretary to Auditor-General, No. 560, of 18 August, 1868.

From Colonial Secretary to Auditor-General, No. 593, of 25 August, 1868, with enclosure.

From Colonial Secretary to Traffic Manager, No. 130, of 25 August, 1868.

From Financial and Traffic Manager to Colonial Secretary, No. 163, of 29 August, 1868, with enclosures.

From Colonial Secretary to Auditor-General, No. 608, of 3 September, 1868.

From Auditor-General to Colonial Secretary, No. 684, of 22 September, 1868, with enclosures.

SCHEDULE OF ENCLOSURE 3—continued.

CEYLON.

From Colonial Secretary to Finance and Traffic Manager, No. 152, of 29 September, 1868.
 From Colonial Secretary to Auditor-General, No. 708, of 22 October, 1868.
 From Financial and Traffic Manager to Colonial Secretary, No. 196, of 28 October, 1868, with enclosures.
 From Colonial Secretary to Auditor-General, No. 723, of 30 October, 1868.
 From Auditor-General to Colonial Secretary, No. 859, of 13 November, 1868.
 From Colonial Secretary to Auditor-General, No. 745, of 18 November, 1868.
 From Auditor-General to Colonial Secretary, No. 677, of 18 November, 1868, with enclosures.
 From Colonial Secretary to Auditor-General, No. 763, of 25 November, 1868.
 From Colonial Secretary to Finance and Traffic Manager, No. 177, of 25 November, 1868.
 From Auditor-General to Colonial Secretary, No. 908, of 26 November, 1868, with enclosure.
 From Colonial Secretary to Auditor-General, No. 771, of 30 November, 1868.
 From Auditor-General to Colonial Secretary, No. 919, of 1 December, 1868.
 From Colonial Secretary to Auditor-General, No. 785, of 3 December, 1868.
 From Auditor-General to Colonial Secretary, No. 932, of 3 December, 1868.
 From Colonial Secretary to Finance and Traffic Manager, No. 178, of 27 November, 1868.
 From Finance and Traffic Manager to Colonial Secretary, No. 216, of 30 November, 1868.
 From Colonial Secretary to Finance and Traffic Manager, No. 183, of 3 December, 1868.

(No. 277.)

SIR,

Audit Office, Colombo, April 29, 1868.

Referring to my letter of the 18th instant, No. 249, I have the honour to report that the statement of the balance available for the Railway Sinking Fund, therewith forwarded, should be raised by the sum of 1182*l.* 2*s.* 11*d.*, being the "Balance at Stations" on the 31st of December last, and since recovered.

This amount should therefore be transferred, together with the 26,475*l.* 11*s.* 4*d.*, to the balance of the Construction Account, available for the Sinking Fund.

I enclose an amended statement accordingly, to be substituted for the other, which I request may be returned.

In order to prevent delay, I have communicated with the Treasurer upon the subject, as he, of course, could not be aware that this sum was outstanding.

It will now only be necessary to give instructions to the Treasurer to transfer the additional amount.

I have, &c.,

(Signed) R. J. CALLANDER,
Auditor-General.

The Hon. the Colonial Secretary.

MEMORANDUM.

Balance available for Sinking Fund on closing Railway Construction Account 31st December, 1867, viz.—

In Ceylon.—Construction Account.

	£	s.	d.	£	s.	d.
Balance on the 31st December, 1867	-	-	-	68,236	11	8
Add sundry receipts subsequent to 31st December, 1867, and up to date	-	-	-	22,603	11	6
				90,840	3	2
Deduct sundry payments subsequent to 31st December, 1867, and up to date				27,020	0	10
Balance	-	-	-	63,820	2	4

Working Account.

Balance in the General Treasury, being profit on Working Account to 31st December, 1867	-	-	-	27,657	14	3
Total balance in Ceylon	-	-	-	-	-	-
				91,477	16	7

In England.—Construction Account.

As per amended statement of the Crown Agents (dated 18th January, 1868)	-	-	-	*35,027	0	9
Total in Ceylon and in England	-	-	-	£126,504	17	4

* Subsequently ascertained to be 35,122*l.* 8*s.* 4*d.*, making the total 126,600*l.* 4*s.* 11*d.*

Audit Office, Colombo, 29th April, 1868.

(Signed) R. J. CALLANDER,
Auditor-General.

(No. 530.)

SIR,

Audit Office, Colombo, July 30, 1868.

With reference to your letter, No. 540, of the 29th instant, I have the honour to enclose a statement showing the receipts on account of the Railway Capital Account up to 31st December, 1867, as therein requested.

I have, &c.,
(Signed) T.

T. B. STEPHEN.

Acting Auditor-General.

The Hon. the Colonial Secretary.

RECEIPTS of CEYLON RAILWAY subsequent to date of CONTRACT (exclusive of Traffic Receipts)
up to 21st December, 1867.

	£	s.	d.
By Cash and Property of Railway Company - - - - -	59,134	5	11
„ Sale of Debentures - - - - -	700,000	0	0
„ Premiums on ditto - - - - -	61,686	3	6
„ Export Duties - - - - -	281,626	16	1
„ Contribution from Revenue - - - - -	130,000	0	0
„ Surplus Funds - - - - -	250,000	0	0
„ Interest - - - - -	43,604	6	1
„ Miscellaneous Receipts - - - - -	6,759	11	10
	<u>£1,532,811</u>	<u>3</u>	<u>5</u>

(Signed)

T. B. STEPHEN,

Acting Auditor-General.

(No. 564.)

SIR,

Colonial Secretary's Office, Colombo, August 7, 1868.

I am directed to request you to prepare and forward to me, as soon as possible, a statement, according to the form annexed, showing the total cost of constructing the railway, and the sources from which the funds have been provided.

The form annexed is to be regarded merely as a sketch, which you will, of course, modify as circumstances may appear to you to render advisable.

I have, &c.,
(Signed) JAM

JAMES SWAN,

For Colonial Secretary.

The Hon. the Auditor-General.

STATEMENT showing TOTAL COST of CONSTRUCTION of CEYLON GOVERNMENT RAILWAY and SOURCES from which FUNDS were provided 186 , to 31 December, 1867.

[illegible]

(No. 572.)

SIR,

Audit Office, Colombo, August 17, 1868.

CEYLON.]

With reference to your letter, No. 564, of the 7th instant, marked "Immediate," I have the honour to forward a statement* showing the total cost of constructing the Ceylon Railway, and the sources from which the funds were provided.

* Statement printed at p. 18.

It will be observed that, as far as possible, the form annexed to your letter has been adhered to; but as some time must elapse before a detailed statement, as therein indicated, can be furnished, including the expenditure by the Crown Agents, I have adopted the figures in the Annual Progress Statement, already rendered to Government, signed by the Director-General and Mr. Callander.

It is not possible, without a more minute examination, which will involve much time and labour, to reconcile the apparent discrepancies between this statement and that rendered to Government by the Finance and Traffic Manager, nor can I make the balance declared for the Sinking Fund in Ceylon, in March, 1868, viz. 63,820*l.* 2*s.* 4*d.*, agree with that exhibited in the statement now furnished, inasmuch as the latter refers only to transactions ending 31st December, 1867. I, however, enclose a statement showing how the balance applicable for Sinking Fund purposes was arrived at.

I have, &c.,

(Signed) T. B. STEPHEN,

Acting Auditor-General.

The Hon. the Colonial Secretary.

(No. 580.)

SIR,

Colonial Secretary's Office, Colombo, August 18, 1868.

I have the honour to acknowledge your letter, No. 572, of the 17th instant, forwarding a statement showing the total cost of constructing the Ceylon Railway and the sources from which the funds were provided.

2. It appears from this statement that the balance on the Construction Account amounted, on 31st December, 1867, to 62,286*l.* 15*s.* 9*d.*, which, together with the sum of 27,657*l.* 14*s.* 3*d.* balance of working receipts of 1867, makes a sum of 89,944*l.* 10*s.* with which to commence the Sinking Fund on 1st January, 1868, under Ordinance No. 10 of 1866.

3. But, as pointed out in the second and third paragraphs of your letter under acknowledgment, these results do not agree with the figures given in Mr. Callander's letter, No. 277, of the 29th April last. The balance on the Construction Account is there reported to be 63,820*l.* 2*s.* 4*d.*, which, together with the balance on working receipts, 1867 (27,657*l.* 14*s.* 3*d.*), gives for the Sinking Fund 91,477*l.* 16*s.* 7*d.* in Ceylon, to which is added 35,027*l.* 0*s.* 9*d.* in the hands of the Crown Agents. This latter sum has since been reported as 35,122*l.* 8*s.* 4*d.*, making the amount available for the Sinking Fund 126,600*l.* 4*s.* 11*d.*, as shown in the margin.

CONSTRUCTION ACCOUNT.			
Balance in Ceylon	-	£63,820	2 4
„ England	-	35,122	8 4
		£98,942	10 8

WORKING ACCOUNT.			
Balance on Working Receipts, 1867	-	£27,657	14 3
		£126,600	4 11

4. It would thus appear that the balance available for the Sinking Fund is returned by Mr. Callander's letter, No. 277, above quoted, as 126,600*l.* 4*s.* 11*d.*, while by the statement forwarded with your letter under acknowledgment it should amount to only 89,944*l.* 10*s.*, less by 36,655*l.* 14*s.* 11*d.* than the former amount. It is very desirable that this discrepancy should be explained, and the correct amount ascertained, after a full and careful examination of the Crown Agents' accounts and those of the Treasurer and of the Finance and Traffic Manager.

5. It is clear that the simplest and most obvious way of showing the balance on the Construction Account is by the preparation of the statement called for by my letter, No. 564, and rendered with your letter, No. 572, as that statement sets out—(1) All expenditure on Construction Account; (2) All receipts on Construction Account, the surplus receipts being the balance available for the Sinking Fund; and if this statement is correct, the Sinking Fund commences, as already shown, with only 89,944*l.* 10*s.*; on the other hand, if Mr. Callander's statement is correct, the amount should be 126,600*l.* 4*s.* 11*d.*

6. With reference to the remark made at the close of your letter, No. 572, that the statement forwarded therewith refers only to transactions ending 31st December, 1867, I am directed to inform you that for the purposes of the Sinking Fund Account the Construction Account must be taken as closed on 31st December, 1867; and therefore all expenditure on that account having been practically incurred by 31st December, 1867, though possibly only brought to account in 1868—or even, as in the case of additional rolling stock—though the necessary funds may only be "set aside," the statement must embrace all transactions on Construction Account, past and prospective, as if actually closed on 31st December, 1867.

7. The officer administering the Government will be obliged by your giving your prompt and most careful attention to this question, which has become somewhat involved and confused; and you will, of course, call upon the Treasurer, the Finance Manager of the Railway, and, if necessary, the Crown Agents, to give you any and every assistance in their power.

I have, &c.,

(Signed)

JAMES SWAN,

For Colonial Secretary.

The Hon. the Auditor-General.

STATEMENT showing Total Cost of CEYLON GOVERNMENT RAILWAY, and the Sources from which the Sums were provided between JANUARY, 1858, and 31st DECEMBER, 1867.

PRIOR TO CONTRACT.				PRIOR TO CONTRACT.				SOURCES FROM WHICH MET.				BY THE RAILWAY COMMISSIONERS IN CEYLON.				SUBSEQUENT TO DATE OF CONTRACT.				SUBSEQUENT TO DATE OF CONTRACT.											
EXPENDITURE.				EXPENDITURE.				EXPENDITURE.				EXPENDITURE.				EXPENDITURE.				EXPENDITURE.											
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.					
Repayment of Capital to the Railway Company				297,500 0 0				Amount appropriated from the Public Funds in the hands of the Agents in London, to meet payment of guaranteed interest on Railway Capital and other sundry expenses on account of the Ceylon Railway, prior to the raising of funds specially applicable to that work				57,098 2 2				Ceylon Railway Company in the Bank in England on the dissolution of the Railway Company				9,045 2 7				Amount of Ceylon Government Debentures sold to pay the debt of the Railway Company and premium				104,627 9 3			
Guaranteed Interest				51,268 11 8				Amount of two Bills drawn by the Agent in London on His Excellency the Governor to pay the Railway Company				177,041 8 4				Amount of Interest allowed by Oriental Bank Corporation, London, on deposit of £174,288				611 12 1				Proceeds of the Sale of 3 per cent. Consols standing to the credit of the Ceylon Widows' Fund				25,682 1 5			
Expenses attending Captain Moorson's Mission to Ceylon				6,771 4 2				Less amount under the Company not transferable according to the decision of the Secretary of State, for construction of the Railway to Kandy				374,138 15 10				Sundry Miscellaneous Receipts paid into the General Treasury and accounted for as Revenue				1,788 1 10				Sundry Miscellaneous Receipts				4,312 15 5			
Salaries to Government Auditors				244 4 9				Amount appropriated from the General Revenue of the Colony				6,100 17 3				By Cash and Property of Railway Company				59,134 5 11				Sale of Debentures				700,000 0 0			
" to Official Directors				823 2 16				Premium on ditto				873,003 5 3				Export Duties				61,686 3 6				Contribution from Revenue				280,374 1 9			
" and Remuneration for sundry Special Services				1,459 19 7				Surplus Fund				58,202 0 0				Interest				130,000 0 0				Miscellaneous Receipts				250,000 0 0			
The Railway Company in final Settlement of outstanding Claims, Contracts, &c.				516 9 4				24,398 15 11				215,617 8 0				Beyond the Contract in England.				10,417 6 7				Amount set aside for additional Rolling Stock				43,600 11 8			
Sundry Miscellaneous Charges				698 18 7				55,501 8 10				25,000 0 0				Interest.				35,988 0 0				Amount of Interest on Debentures issued to pay the late Railway Company				1,832 19 2			
Law Charges				482 14 1				191,605 19 8				1,464,311 6 3				Beyond the Contract in England.				89,416 10 0				Extra Station work				1,526,628 2 0			
Commission and Brokerage				349 1 6				22,622 7 1				£1,838,717 13 10				Extra Station work				—				Amount set aside for additional Rolling Stock				—			
Discount and Interest				201 1 2				—				—				Extra Station work				—				Amount set aside for additional Rolling Stock				—			
Expenses of Act of Parliament				7,241 4 9				—				—				Extra Station work				—				Amount set aside for additional Rolling Stock				—			
				719 0 11				—				—				Extra Station work				—				Amount set aside for additional Rolling Stock				—			
				—				—				—				Extra Station work				—				Amount set aside for additional Rolling Stock				—			
				—				—				—				Extra Station work				—				Amount set aside for additional Rolling Stock				—			
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				—				—				—				Extra Station work				—				Amount set aside for additional Rolling Stock				—			
				—				—				—				Extra Station work				—				Amount set aside for additional Rolling Stock				—			
				—				—				—				Extra Station work				—				Amount set aside for additional Rolling Stock				—			
				—																											

AFFAIRS OF THE CEYLON RAILWAY.

19

PROGRESS STATEMENT OF EXPENDITURE FOR RAILWAY CONSTRUCTION.

	Amount of sanctioned Estimates for Work.	ACTUAL EXPENDITURE.												TOTAL.			
		In 1863.			In 1864.			In 1865.			In 1866.				In 1867.		
		£.	s.	d.	£.	s.	d.	£.	s.	d.	£.	s.	d.		£.	s.	d.
UNDER THE CONTRACT.																	
Earthworks	-	69,107	9	5	44,401	9	2	58,277	13	0	57,712	11	2	8,522	2	10	238,021
Tunnels	-	5,621	0	0	20,140	0	0	29,433	0	0	18,616	0	0	1,001	0	0	74,711
Bridges	-	21,641	0	0	16,197	12	9	12,311	15	9	19,546	5	6	3,118	0	0	72,814
Culverts	-	3,503	12	0	9,133	6	0	8,055	16	0	8,379	12	0	2,788	4	0	31,800
Retaining Walls	-	-	-	-	1,315	0	0	3,227	0	0	4,529	10	0	1,189	2	0	10,260
Stations and Station Fittings	-	1,700	0	0	14,334	17	11	30,390	4	3	3,209	0	1	5,180	0	0	49,694
Fencing, clearing Jungle, &c.	-	2,989	0	0	5,056	0	0	4,945	0	0	6,434	0	0	759	0	0	24,604
Division of Roads, &c.	-	3,175	0	0	2,622	0	0	1,607	0	0	747	0	0	-	-	-	8,910
Transport of Staff	-	6,200	0	0	1,400	0	0	400	0	0	-	-	-	-	-	-	8,000
Permanent Way	-	19,780	2	8	20,729	10	4	17,933	16	3	23,091	8	1	17,286	12	9	98,821
Contingencies	-	9,476	15	6	12,574	3	10	6,681	12	4	9,046	10	7	3,359	2	4	41,137
Value of Materials taken over in Ceylon omitted to be inserted in the Statement of previous years	-	657,039	12	4	147,904	0	0	173,262	17	7	151,310	17	5	43,203	3	11	658,774
Expenditure by Crown Agents according to the Certificates of the Chief Resident Engineer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,622
Total under Contract	-	216,000	0	0	87,075	14	5	18,496	7	0	40,196	2	6	20,705	7	1	191,603
BEYOND THE CONTRACT.																	
Land and Compensation	-	-	-	-	7,657	5	10	5,000	5	7	703	17	3	1,198	3	0	24,398
Salaries—Engineering Establishment	-	-	-	-	6,485	13	10	13,578	0	3	15,778	15	11	9,282	16	7	55,501
Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wages of Peons	-	-	-	-	658	15	1	5,596	10	1	3,988	5	3	7,317	10	10	17,563
Miscellaneous	-	-	-	-	-	-	-	2,500	0	0	301	17	0	3,687	6	3	6,187
Rent and Repairs of Office	-	-	-	-	-	-	-	-	-	-	-	-	-	517	11	2	819
Printing and Stationery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rolling Stock and Machinery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Extra Work and Contingencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telegraph	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Extra Station Work	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure by Crown Agents for extra Station Work	-	-	-	-	14,144	19	8	26,674	15	11	50,344	16	1	44,048	3	2	156,636
Expenditure by Crown Agents	-	-	-	-	-	-	-	6,620	2	0	6,827	4	5	3,287	6	3	10,447
Amount set aside for additional Rolling Stock	-	-	-	-	8,459	11	5	21,110	11	2	53,422	12	10	90,257	5	2	215,647
INTEREST.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount of interest on debentures issued for construction of railway	-	436,960	7	8	60,271	9	0	50,785	7	1	110,937	11	1	138,132	12	9	407,731
" issued to pay to the late railway company	-	593,250	0	0	14,997	0	0	13,203	0	0	21,063	0	0	29,872	10	0	89,416
" issued to pay to the late railway company	-	42,000	0	0	5,910	0	0	5,940	0	0	5,923	0	0	6,213	0	0	35,988
Total	-	563,250	0	0	20,907	0	0	22,143	0	0	26,988	0	0	36,085	10	0	125,404

* This includes the sum of £185,000, authorized to be expended under the Ordinance No. 16 of 1866, and the further sum of £25,000, under Ordinance No. 11 of 1867.

Audit Office,
Colombo, 12th June, 1868.

GUILFORD L. MOLESWORTH,
Director-General.
R. J. CALLANDER,
Auditor-General.

CEYLON.

(No. 593.)

Sessional
Paper 6 of
1868.
Confidential.

SIR,

Colonial Secretary's Office, Colombo, August 25, 1861.

In continuation of my letter, No. 580, of the 18th instant, on the subject of the balance of the Railway Construction Account, I am directed to transmit to you a printed copy of the Report for the half year ended 31st December last, at page 11 of which you will find a statement furnished by the Finance and Traffic Manager, showing the balance on Construction Account to be 112,495*l.* 9*s.* 3*d.*

On comparing this statement with the one forwarded with your letter, No. 572, of the 17th instant, it appears that the following deductions should be made from this balance:—

Additional rolling stock, under Ord. No. 11 of 1867	-	-	-	£	25,000	0	0
Difference on account of interest, between 125,404 <i>l.</i> 10 <i>s.</i> , 'as shown by Auditor-General, and 113,404 <i>l.</i> 10 <i>s.</i> , as shown by Finance and Traffic Manager	-	-	-		12,000	0	0
Difference in payments to contractor, between 873,003 <i>l.</i> 5 <i>s.</i> 3 <i>d.</i> and 868,483 <i>l.</i> 16 <i>s.</i> 9 <i>d.</i>	-	-	-		4,519	8	6
					£41,519	8	6
Balance as per statement	-	-	-		112,495	9	3
Deduct	-	-	-		41,519	8	6
					£70,976	0	9

Thus reducing the balance available for transfer to Sinking Fund Account to 70,976*l.* 0*s.* 9*d.* as against 62,286*l.* 15*s.* 9*d.*, according to the last statement furnished by your department.

The Hon. the Auditor-General.

I have, &c.,
(Signed) JAMES SWAN.

(No. 130.)

SIR,

Colonial Secretary's Office, Colombo, August 25, 1868.

Enclosure of
Auditor-
General's
letter, 572.

17 Aug., 1868.

I have the honour to forward to you a printed copy of your Report on the Ceylon Government Railway, for the half-year ended 31st December, 1867, and with reference to the statement of the Capital Account, as therein given (p. 11). I am directed to transmit to you copy of a statement rendered by the Auditor-General, showing the total expenditure and total receipts on Capital or Construction Account, from the date of the contract to 31st December, 1867.

2. You will observe that there are some serious discrepancies between these statements on the expenditure side, with respect to which I am to request you to favour me with your observations, and any explanation you can give. The balance on the Construction Account, as shown in your statement, is 112,495*l.* 9*s.* 3*d.*, which should be reduced by 25,000*l.*, value of additional rolling stock chargeable to Construction Account under Ordinance No. 11, of 1867, making it 87,495*l.* 9*s.* 3*d.*, but if this balance be compared with that obtainable on balancing the Auditor-General's statement, viz., 62,286*l.* 15*s.* 9*d.*, it will be found to be 25,208*l.* 13*s.* 6*d.* in excess of the amount shown by the Auditor-General as available for transfer from Construction to Sinking Fund Account.

3. I am directed to request your attention to the following statements respecting the amounts available on 1st January, 1868, to commence the Sinking Fund Account.

AUDITOR-GENERAL'S LETTER, No. 277, 29th April, 1868.

				£	s.	d.
Balance of Construction Account in England	-	-	-	63,820	2	4
„ „ Ceylon	-	-	-	35,122	8	4
				98,942	10	8
Profits on Working Account	-	-	-	27,657	14	3
				£126,600	4	11

AUDITOR-GENERAL'S LETTER, No. 572, 17th August, 1868.

				£	s.	d.
Balance of Construction Account	-	-	-	62,286	15	9
Profits on Working Account	-	-	-	27,657	14	3
				89,944	10	0
Difference	-	-	-	36,665	14	11
				£126,600	4	11

There is thus a difference of 36,655 14*s.* 11*d.* between the balance of the Construction Account, as given by the Auditor-General in April and as given by that officer in August, while neither amount agrees with the balance obtained from your statement, even after making allowance for the discrepancy of 12,000*l.* in the figures under the head of Interest on Debentures.

DEBENTURE INTEREST.
Auditor-General - £125,404 10 0
Finance and Traffic Manager - 113,404 10 0

4. In connection with this subject, I am to remark that the last item on the expenditure side of your

statement is so entered as to lead to possible confusion, and I am to suggest that it might perhaps be entered "To cost of stores remaining on hand at the date of closing Capital Account." I am directed to request you to refer me to any papers on the subject of this charge against the Capital or Construction Account.

5. I have now to call your attention to the amount returned as available for the Construction Account on account of the profits on Working Account, the sum given being 27,657*l.* 14*s.* 3*d.* You will be so good as to state whether this agrees with your returns.

6. I am directed, in conclusion, to request you to be so good as to go fully and carefully into the question of the balance of the Railway Construction and Working Accounts, as it is most essential that the total cost of the construction of the railway and the amount available for the Sinking Fund should be returned with perfect accuracy. Pending the settlement of the questions now raised, the publication of Sessional Paper VI. of 1868 will be suspended.

I have, &c.,
(Signed) JAMES SWAN,
For Colonial Secretary.

The Finance and Traffic Manager, Ceylon Railway.

(No. 163.)

Ceylon Government Railway, Traffic Manager's Office,
Colombo, August 25, 1868.

Sir, I have gone fully and carefully into the statements of account which accompanied your letter, No. 130, of the 25th instant, and have the honour to submit the following observations in reference to the differences between the statement of the Auditor-General and that made up in this office, therein referred to.

The statement of the Capital Account, which accompanied my half-yearly report, having been made up prior to the adjustment of the payments on account of the contract, requires to be modified in accordance with letters, No. 133 and 140, from the Director-General to the Auditor-General, copies of which are enclosed. The amended statement includes 8,966*l.* 15*s.* 1*d.*, value of Ceylon plant taken by contractor, but not included in any previous statement, nor ever advised to this office. It also includes the 25,000*l.* for additional rolling stock. The balance of Capital Account available for the Sinking Fund, as per amended statement, is 87,495*l.* 9*s.* 3*d.*, viz., in England, 35,027*l.* 0*s.* 9*d.*, in Ceylon, 52,468*l.* 8*s.* 6*d.*

The amount entered in my account for Debenture and Interest agrees with the Crown Agent's return; and as I have never been advised of interest having been paid in Ceylon, I presume my entry is correct.

For extra stations work the Auditor-General enters—

	£	s.	d.
Ceylon	52,166	16	0
England	10,447	6	7
	£62,614	2	7

Whereas the correct figures are—

	£	s.	d.
Ceylon	70,469	3	3
England	10,447	6	7
	£80,916	9	10

The Ceylon amount is made up as follows:—

	£	s.	d.
Chief Resident Engineer's Certificate	63,779	8	3
Add paid in December, 1867	2,416	3	4
Works executed by Public Works Department	327	13	10
Ditto, ditto	465	18	4
Consulting Engineer's award to Contractor	6,623	16	4
In deposit for imported labour	2,513	0	0
			76,126 0 1
Less transfer to Rolling Stock	1,207	19	2
„ cash returned to Treasurer	1,448	17	8
„ stores sold to Colonial Storekeeper	3,000	0	0
			5,656 16 10
			£70,469 3 3

For land and compensation the entries are:—

	£	s.	d.
Auditor-General	24,398	15	11
Finance and Traffic Manager	20,677	16	8
	£ 3,720	19	3

CEYLON.

My entry is made up as follows:—

	£	s.	d.	
To 31st December, 1865	-	-	18,543 15 4	per Auditor-General's Advice
„ 30th June, 1866, half year	-	-	899 17 8	„ „
„ 31st December, 1866	„	-	34 2 9	„ „
„ 30th June, 1866	„	-	nil.	„ „
„ 31st December, 1867	„	-	1,200 0 11	„ „
			<u>£20,677 16 8</u>	

The other items of expenditure not being classified in the Auditor-General's statement do not admit of explanation from this office.

In the Revenue Account the balances are—

	£	s.	d.
Auditor-General	-	-	27,657 14 3
Finance and Traffic Manager	-	-	32,096 16 6
			<u>£4,439 2 3</u>

The only explanation which presents itself to my mind in reference to this difference is, that it may possibly be the result of an adjustment of the loss in working in 1866, and the first half of 1867. Entertaining this view, I have prepared an amended statement, which gives the following results:—

	£	s.	d.	£	s.	d.
Balance in December, 1867, half-year's working	-	-	-	34,225	4	8
Less "loss" in working to 31st December, 1865	-	-	2,128 8 2			
„ „ half-year ended 30th June, 1866	-	-	1,049 9 0			
„ „ „ 31st December, 1866	-	-	1,235 4 3			
„ „ „ 30th June, 1867	-	-	598 15 2			
				<u>5,011</u>	<u>16</u>	<u>7</u>
Balance available for Sinking Fund	-	-	-	<u>£29,213</u>	<u>8</u>	<u>1</u>

The actual loss in working to 31st December, 1865, was, however, 2,679*l.* 11*s.* 0*d.*, which, if adopted, would reduce the Sinking Fund balance to 28,662*l.* 5*s.* 3*d.*

2,128*l.* 8*s.* 2*d.* is the amount advised by the Treasury and Audit Office, and is adopted by me in accordance with instructions; see your office letter No. 68 of the 23rd November, 1867.

The balance available for Sinking Fund on the 31st December, now stands, according to my amended statements—

	£	s.	d.
Balance of Capital Account, Crown Agents	-	-	35,027 0 9
„ „ „ Treasurer	-	-	52,468 8 6
Balance of Revenue Account, ditto	-	-	29,213 8 1
			<u>£116,708 17 4</u>

- subject to correction in the items entered under the heads of Debenture Interest, Land, and Compensation, and loss in working in 1865.

I have altered the wording of the last entry in the Capital Account, and enclose copy of correspondence in reference to the transfer of stores to the Colonial Storekeeper on the 31st December, 1867.

I have, &c.,
(Signed) E. ROBINSON,
Finance and Traffic Manager.

The Hon. The Colonial Secretary, Colombo.

(No. 133.)

From the DIRECTOR-GENERAL CEYLON RAILWAY to the Honourable the AUDITOR-GENERAL.

SIR,

Colombo, May 30, 1868.

With reference to your letter, No. 123, of 18th instant, I have the honour to inform you that I have, in conjunction with the Finance and Traffic Manager, carefully gone over the discrepancies, and at length cleared up the difficulty.

With regard to the first query, the sum of 17,286*l.*, payments in England was erroneously placed amongst the Ceylon payments. This requires adjustment, and hence the alteration of the sum 38,191*l.* to 20,905*l.*

2nd. The addition of 22,622*l.* is for materials taken by the contractor instead of cash payments. This sum appears printed at the bottom of all the monthly certificates.

3rd. The English payments entered in the contract amounts to 191,605*l.* 19*s.* 8*d.* I find that there has been an error of 36*l.* 9*s.* on the Chief Resident Engineer's certificates, and there is consequently a balance of that amount still due to this Contractor.

The certificates should be made up as follows :—

	£	s.	d.	CEYLON.
Value of materials taken by Contractor	-	-	-	
Certified cash payments in Ceylon	-	-	-	
Value of Ceylon plants	-	-	-	
Retentions in Ceylon for English plants	-	-	-	
Certificates of Consulting Engineer imported in Contract	-	-	-	
	873,003	5	3	
Balance due to the Contractor	-	-	-	
	36	7	1	
	£873,039	12	4	

Composed of Cash and Guarantee :—

£	s.	d.
625,626	16	9
16,681	6	8
£642,308	3	5

The payments of the Crown Agents were made as follows :—

	£	s.	d.
By Consulting Engineer's Certificates imported into Contract	-	191,605	19 8
By Certificate for additional Station-work (see the Certificate for October, 1867)	-	8,497	19 1
By additional Stations Certificates sent out since the closing of the Contract	-	1,949	7 6
By half value of plant	-	7,500	0 0
	£209,553	6	3

The item of 37*l.* 7*s.* 1*d.* is clearly an error of the Chief Resident Engineer, and an underpayment to the Contractor, but the other discrepancies have arisen—

1st. By debiting the whole of the English Certificate to the contract, instead of additional Station-work.

2nd. By taking the retention 7,500*l.*, made in Ceylon as a payment, whereas it was a simple retention for half the value of the plant advanced by the Crown Agents.

I return the statement with corrections in red ink, and a statement showing the amount of the Certificates, and how they are debited.

Permanent materials, No. 1 to 196 inclusive, and No. 199, are debited to the Contract. Nos. 97 and 98 are for tans, bolts, and additional, and have been struck out.

Stations Certificates, Nos. 21 to 38 inclusive, are debited to additional Stations.

I have, &c.,
(Signed) G. L. MOLESWORTH,
Director-General.

No. $\frac{B}{140}$.

From the DIRECTOR-GENERAL of the CEYLON RAILWAY to the Honourable the AUDITOR-GENERAL.

SIR,

Colombo, June 2, 1868.

In reply to your letter No. 97, I have the honour to inform you that I have now investigated the question of the apparent discrepancy of 1,444*l.* 4*s.* 2*d.*

The first error has been that of debiting the sum of 10,447*l.* to the Contract, whereas you should have debited it to extra stations.

The second error is, that you have not taken into account the sum of 8,966*l.* 15*s.* 1*d.*, value of Ceylon plant taken over by the Contractor. Both of these items are explained in my letter, No. $\frac{B}{133}$.

The apparent discrepancy is explained thus :—

	£	s.	d.
Amount over-credited to Stations	-	10,447	6 7
Less value of Ceylon plant taken by Contractor	-	8,966	15 1
		1,480	11 6
Less underpaid to Contractor	-	36	7 1
Difference between balance of railway and Auditor-General's account	-	0	0 3
Apparent difference	-	£1,444	4 2

CEYLON.

The statement of cash payment in my letter, No. $\frac{B}{133}$, shown as 642,308*l.* 3*s.* 5*d.*, is made up as follows :—

	£	s.	d.
Cash payment - - - - -	625,626	16	9
Retention for Guarantee Fund - - - - -	16,681	6	8
	£642,308	3	5

I have, &c.,
(Signed) G. L. MOLESWORTH,
Director-General.

(No. 68.)

SIR, Colonial Secretary's Office, Colombo, November 23, 1867.
• Adverting to your letter, No. 68, of the 16th September last, relative to the amount due to the General Revenue from Railway Working Account, I am directed to transmit to you the annexed copy of a communication to the Auditor-General, and of his reply thereto, and to state that the account between the General Revenue and the railway working receipts should be at once closed by the payment to General Revenue of the balance of the advance due, *i. e.* 2,128*l.* 8*s.* 2*d.*

All stores supplied by the Crown Agents are, the Governor understands, charged to Construction Account; and provision to the extent of 18,000*l.* was made for this by the Ordinance, No. 10, of 1866.

As fast as the stores are used on Working Account, they should be paid for out of working receipts and the amounts credited back to Construction Account, so that on the closing of the Construction Account that account will only stand charged with the stores unused and in hand at that date; after the closing of the Construction Account, all stores supplied by the Crown Agents will be charged to Working Account.

Practically, as the balance on both the Construction Account and the Working Account are to be carried forward to Sinking Fund on the 1st January, whether the Working Account is or is not able to pay for the stores used, is immaterial.

To the Traffic Manager, Ceylon Railway.

I have, &c.,
(Signed) JAMES SWAN.

(No. 242.)

Ceylon Government Railway, Director-General's Office, Colombo,
November 23, 1867.

SIR, With the view of carrying out the instructions of Government for the transfer of the railway stores to the Colonial Store Department, we have the honour to report that we have met for conference, and recommend the following arrangements :—

- 1st. That the railway stores shall be closed on the 21st of December, 1867.
- 2nd. That stock-taking shall take place on the 23rd of December.
- 3rd. That we recommend that the stores shall be verified by Captain Layard, of the Colonial Store Department, and Mr. Donaldson, of the Auditor-General's Department.
- 4th. That the Colonial Storekeeper shall take charge from the 1st of January, 1868.
- 5th. That the stores shall be issued at fixed rates, to cover all reasonable expenses and departmental charges, such rates to be determined by the Colonial Storekeeper and the Traffic Manager.
- 6th. That Béira shall be used as the dépôt for railway coal.
- 7th. That the railway stores shall be kept entirely separate from the other Colonial stores.
- 8th. That the value of stores in hand at the time of the verification is to be considered the nominal stock necessary for the railway, and charged to the Railway Construction Fund.
- 9th. That the upkeep of the stock and departmental expenses shall be charged against the General Revenue.
- 10th. That all proceeds of the sale of the stores shall be credited to General Revenue.

We have, &c.,
(Signed) W. F. GORMAN, Colonial Storekeeper.
E. ROBINSON, Traffic Manager.
G. L. MOLESWORTH, Director-General.

The Hon. the Colonial Secretary.

GENTLEMEN,

Colonial Secretary's Office, Colombo, November 29, 1867.

Having laid before the Governor your letter, No. 242, of the 23rd instant, I am directed to state that His Excellency has been pleased to approve of the arrangement proposed by you for carrying out the transfer of the railway stores to the Colonial Store.

2nd. Adverting to the eighth paragraph, in which it is proposed to charge the value of the stores in hand at the time of the verification to the Railway Construction Fund, I am to observe that when the proposed transfer has been effected, it must be understood that stores to the value of those taken over belong to the railway. If it ever should be possible to dispense with the General Revenue managing the stores, stock will be taken, and if they should be below the value taken over, the balance will have to be made good at the expense of the General Revenue, while if there should be a surplus, it will belong to General Revenue.

The Director-General, Ceylon Railway.
The Colonial Storekeeper.
The Traffic Manager.

I have, &c.,
(Signed) JAMES SWAN.

(No. 68.)

SIR,

Colonial Secretary's Office, Colombo, November 23, 1867.

Adverting to your letter, No. 68, of the 16th September last, relative to the amount due to the General Revenue from Railway Working Account, I am directed to transmit to you the annexed copy of a communication to the Auditor-General, and of his reply thereto, and to state that the account between the General Revenue and the Railway Working Receipts should be at once closed by the payment to General Revenue of the balance of the advance due, *i.e.* 2,128*l.* 8*s.* 2*d.*

All stores supplied by the Crown Agents are, the Governor understands, charged to Construction Account, and provision to the extent of 18,000*l.* was made for this by the Ordinance No. 10 of 1866. As fast as the stores are used on Working Account, they should be paid for out of Working Receipts, and the amounts credited back to Construction Account, so that on the closing of the Construction Account, that account will only stand charged with the stores unused and in hand at that date. After the closing of the Construction Account all stores supplied by the Crown Agents will be charged to Working Account.

Practically, as the balances on both the Construction Account and the Working Account are to be carried forward to Sinking Fund on the 1st January, whether the Working Account is or is not able to pay for the stores used, is immaterial.

The Traffic Manager, Ceylon Railway.

I have, &c.,
(Signed) JAMES SWAN.

CEYLON.

No. 664, Nov. 6, 1867.

No. 540, Nov. 15, 1867.

(No. 608.)

SIR,

Colonial Secretary's Office, Colombo, September 3, 1868.

Adverting to my letter, No. 593, of the 25th instant, I am directed to refer to you the accompanying correspondence with the Finance and Traffic Manager of the Railway on the subject of certain differences between the statements of cost of construction of the railway as furnished by him and by your department.

In connection with the item of 2,513*l.* appearing at foot of the second page of Finance and Traffic Manager's letter, No. 163, of 29th ultimo, I am directed to request your attention to the Consulting Engineer's letter, D. C., of 17th July last, forwarded to you in copy with my letter, No. 601, of 28th ultimo.

You will observe that the correspondence now referred to you raises a new question, namely, the accuracy of the amount returned by the letter from your office, No. 277, of the 29th April last, as the balance on Working Account up to 31st December, 1867. It is there given as 27,657*l.* 14*s.* 3*d.*; the Finance and Traffic Manager makes it to be 29,213*l.* 8*s.* 1*d.* I am directed to request you to be so good as to give your attention to this point, and to favour me with your Report thereon.

The Hon. the Auditor-General.

I have, &c.,
(Signed) JAMES SWAN,
For Colonial Secretary.

Colonial Secretary to Traffic Manager, No. 130, Aug. 25, 1868.

Traffic Manager to Colonial Secretary, No. 163, Aug. 29, 1868.

(No. 684.)

SIR,

Audit Office, Colombo, September 22, 1868.

With reference to the last paragraph of your letter, No. 608, of the 3rd instant, I have the honour to enclose a statement prepared from the Treasurer's Accounts, showing how the sum of 27,657*l.* 14*s.* 3*d.* was declared as the balance on Railway Working Account on the 31st December, 1867. To this statement are attached two detailed memoranda, marked A and B, showing respectively the sums paid by Mr. Robinson from time to time into the Treasury on Revenue Account, which have been prepared from the Traffic Manager's Monthly Accounts of receipts and payments.

It will be perceived from this memorandum that in October, 1865, the entire expenditure was met from Construction Fund, and in November, 1865 and 1866, a sum of 21*l.* 11*s.* 10*d.* was inadvertently overcharged on Revenue Account; with this exception, I fail to perceive any inaccuracy in the Treasurer's Accounts, according to which the balance was declared.

It may perhaps be desirable that this account should be sent to Mr. Robinson, in order to ascertain whether the figures correspond with his books, and if they do not, to show in what respect they differ, and the cause of the difference. It is only by comparisons with dates and figures that a satisfactory conclusion can be arrived at.

The Hon. the Colonial Secretary.

I have, &c.,
(Signed) T. B. STEPHEN,
Acting Auditor-General.

(No. 152.)

SIR,

Colonial Secretary's Office, Colombo, September 29, 1868.

In connection with your letter, No. 163, of the 29th August last, I am directed to refer to you the accompanying letter, with its enclosures, from the Auditor-General, having reference to the balance on Railway Working Account on 31st December, 1867.

A copy of the last paragraph of my letter, No. 608, to the Auditor-General is enclosed.

The Finance and Traffic Manager, Ceylon Railway.

I have, &c.,
(Signed) JAMES SWAN,
For Colonial Secretary.

No. 684, Sept. 22, 1868.

CEYLON.
No. 564, Aug.
7, 1868.
No. 580, Aug.
18, 1868.
No. 593, Aug.
25, 1868.

(No. 708.)
SIR,

I am directed to invite your attention to my letters, as per margin, and to request you to report, as soon as possible, on the questions therein referred to you respecting the Railway Sinking Fund, as the information is required to be submitted to the Legislative Council.

I have, &c.,
(Signed) JAMES SWAN,
For Colonial Secretary.

The Hon. the Auditor-General.

(No. 196.)
SIR,

Ceylon Government Railway, Finance Department, Colombo, October 28, 1868.
I have the honour to return herewith the enclosures of your letter, No. 152, of the 29th ultimo, having reference to the Railway Revenue Accounts to 31st December, 1867.

There are two items in the returns of the Auditor-General to which I beg to invite your attention. In the one marked B, the first payment of 810*l.* 4*s.* 11*d.* is entered as having been made from Capital Funds. As the current receipts were insufficient to meet the payment, it should have been made from the vote for Railway Liabilities; it is clearly wrong to debit the amount to "Capital" Account. In the statement marked B and C, the amount expended from the vote for Railway Liabilities is given as 2,598*l.* 12*s.* 6*d.*, whereas in your letter, No. 68, November 23rd, 1867, and in the letter of the Auditor-General, which formed the enclosure of your letter, No. 3, January 7th, 1867, it is given as 2,128*l.* 8*s.* 2*d.*

The difference between the statement of the Auditor-General and myself are mainly caused by a series of cross entries and transfers, which although duly advised to the Auditor-General each half-year, do not appear to have been dealt with by him. I enclose the general statements showing these entries in detail. I also enclose the general statements of the Revenue Account, from the opening of the line in 1865 to 31st December, 1867. These statements will enable the Auditor-General to make any comparison he may deem necessary, and should explanation of any of the items be required, I shall be only too glad to afford it, either personally or by letter.

I have, &c.,
(Signed) E. ROBINSON,
Traffic Manager.

The Hon. the Colonial Secretary.

A.

RAILWAY WORKING RECEIPTS from October, 1865, to December, 1867.

		Remittances to the Treasury by the Traffic Manager per his Accounts.			When Remitted.	How Accounted by Treasurer.
		£	s.	d.		
1865.	October - - -	722	3	10	Between 4th to 31st Oct., 1865 -	Placed to the credit of Railway Working Accounts.
"	November - - -	752	18	4	1st to 30th Nov. and 1st and 2nd Dec. -	
"	December - - -	1,086	3	1	4th Dec. 1865, to 9th Jan. 1866 -	
1866.	January - - -	1,661	15	9	6th Feb., 1866 -	
"	February - - -	1,680	13	5	15th Feb. to 2nd March -	
"	March - - -	2,004	10	0	9th April to 7th April -	
"	April - - -	1,989	10	6	May - - -	
"	May - - -	2,035	0	7	June - - -	
"	June - - -	*1,846	7	9	July - - -	
"	July - - -	1,578	2	1	August - - -	
"	August - - -	1,563	18	11	September - - -	
"	September - - -	1,583	5	6	October - - -	
"	October - - -	1,823	4	7	November - - -	
"	November - - -	2,757	13	8	December - - -	
"	December - - -	4,105	12	0	January, 1867 -	
1867.	January - - -	3,499	18	6	February - - -	
"	February - - -	2,490	15	6	March - - -	
"	March - - -	2,877	8	5	April - - -	
"	April - - -	2,339	8	9	May - - -	
"	May - - -	2,783	13	11	June - - -	
"	June - - -	2,361	6	1	July - - -	
"	July - - -	2,299	14	6	August - - -	
"	August - - -	4,600	5	6	September - - -	
"	September - - -	6,998	1	7	October - - -	
"	October - - -	15,134	7	0	November - - -	
"	November - - -	16,211	16	7	December - - -	
"	December - - -	20,402	3	10	January, 1868 -	
Balance at Stations on 31st December, 1867 - - -		1,182	2	11	Transferred April, 1868 - - -	
		£ 110,372	3	1		

* 5*l.* on account of Millett, placed to credit of Crown Agents.

Audit Office, Colombo, 22nd September, 1868.

(Signed) T. B. STEPHEN,
Acting Auditor-General.

AFFAIRS OF THE CEYLON RAILWAY.

27

B.

CEYLON.

RAILWAY WORKING EXPENSES from JULY, 1865, to DECEMBER, 1867.

	Payments on Account of Revenue Account, per Traffic Manager's Account.	Paid from			Total.
		Construction Account.	Railway Receipts.	Railway Vote for Liabilities.	
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1865—October - -	810 4 11	810 4 11	—	—	810 4 11
„ November - -	2,778 15 0	—	635 19 6	2,157 15 6	* 2,793 15 0 ^m
„ December - -	1,896 15 8	—	1,455 18 8	440 17 0	1,896 15 8 ^m
1866—January - -	2,982 12 8	—	10,925 2 1	—	10,925 2 1
„ February - -	2,217 7 1				
„ March - -	1,919 6 4				
„ April - -	1,810 19 9				
„ May - -	1,994 16 3				
„ June - -	2,012 1 2	—	2,018 13 0	—	† 2,018 13 0
„ July - -	1,895 6 2	—	5,489 14 8	—	5,489 14 8
„ August - -	1,791 7 5				
„ September - -	1,803 1 1				
„ October - -	1,792 5 4				
„ November - -	2,101 19 11				
„ December - -	2,301 15 11	—	6,196 1 2	—	6,196 1 2
1867—January - -	2,209 0 1	—	6,665 1 1	—	6,665 1 1
„ February - -	2,273 16 10				
„ March - -	2,182 4 2				
„ April - -	2,240 16 9				
„ May - -	2,532 5 8				
„ June - -	2,160 14 2	—	6,933 16 7	—	6,933 16 7
„ July - -	2,617 4 1				
„ August - -	3,379 0 5				
„ September - -	3,765 17 10				
„ October - -	4,840 17 5				
„ November - -	5,266 8 10	—	15,605 1 1	—	15,605 1 1
„ December - -	5,497 14 10				
	£69,074 15 9	£810 4 11	£65,687 10 2	£2,598 12 6	£69,096 7 7

* £15 0 0 charged in excess in November, 1865.*
† 6 11 10 „ „ June, 1866.*
£21 11 10

* Not recovered.

Audit Office, Colombo,
September 22, 1868.

(Signed) T. B. STEPHEN,
Acting Auditor-General.

C.

STATEMENT referred to CEYLON RAILWAY WORKING ACCOUNT, October, 1865, to December, 1867.

	£ s. d.		£ s. d.
Receipts from Traffic Manager paid into the General Treasury between 4th October, 1865, and 31st December, 1867 - - -	110,372 3 1	Payments on account of Working Expenses between November, 1865, and December, 1867 - - -	68,286 2 8
To amount received from Paymaster 2/25 Regt. on account of Train Fare - - -	0 3 5	Repayment of Sums advanced from General Revenue (minus 10s.), per contra - - -	4,536 0 0
Balance of Vote for Railway Working Expenses, 1865 - £1,937 17 6		Pay of Railway Audit Clerk - - -	89 15 6
Part of Vote Railway Liabilities chargeable to Working Receipts 2,598 12 6		Value of Stores transferred to Capital Account - - -	4,881 19 8
	4,536 10 0	Placed to Credit of "Railway Capital" Account, vide Colonial Sec.'s Letter, No. 708, of 16th December, 1867 (being value of Stores issued and expended on Revenue Account) - - -	6,617 3 9
			2,840 0 8
		Balance - - -	£87,251 2 3
	£114,908 16 6		27,657 14 3
			£114,908 16 6

Audit Office, Colombo,
22nd September, 1868.

(Signed) T. B. STEPHEN,
Acting Auditor-General.

CEYLON.

GENERAL STATEMENT of REVENUE ACCOUNT, Half-year ending 31st December, 1865.

To Maintenance - - -	£ s. d.	£ s. d.	By Traffic, viz. :-	£ s. d.	£ s. d.
To Locomotive and Carriage Charges	599 13 6	2,780 0 0	Passengers - - -	2,432 6 7	
Less amount received from Contractor for Engine Power, &c. - -	24 0 0		Parcels - - -	80 1 7	
		575 13 6	Horses, Carriages, and Dogs -	50 15 9	2,563 3 11
To Traffic Charges - - -	-	766 15 2			
To General Charges - - -	-	375 9 5	By Rents - - -	-	147 3 0
To Stores Account - - -	963 17 6				
To less Amount realized by Sale of Packing Cases, &c. - - -	71 17 8	891 19 10	By Balance Loss in Working -	-	2,679 11 0
		£5,389 17 11			£5,389 17 11

(Signed) E. ROBINSON,
Finance and Traffic Manager.

	July.	August.	September.	October.	November.	December.	TOTAL.
RECEIPTS.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Rents - - -	44 4 0	9 3 3	-	-	-	93 15 9	147 3 0
Store Sold - - -	-	26 11 7	-	21 12 11	19 7 8	4 5 6	71 17 8
Locomotive Power - - -	-	-	-	-	24 0 0	-	24 0 0
Passengers - - -	-	-	-	706 15 9	720 17 7	1,004 13 3	2,432 6 7
Parcels - - -	-	-	-	13 16 8	24 19 2	41 5 9	80 1 7
Horses, Carriages, and Dogs - -	-	-	-	4 5 1	11 12 8	34 18 0	50 15 9
	£ 44 4 0	35 14 10	-	746 10 5	800 17 1	1,178 18 3	2,806 4 7

GENERAL STATEMENT of the REVENUE ACCOUNT, 30th June, 1866.

DR.

GENERAL STATEMENT OF THE REVENUE ACCOUNT, 30th June, 1880.

CR.

	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Maintenance - - -	—			5,212	10	0	By Balance from last Account -	—			16	8	8
Locomotive Charges, viz. :—							By Traffic, viz. :—						
Salaries of Superintendents,							Passengers - - -	8,270	1	7			
Clerks, &c. - - -	729	5	2				Parcels - - -	245	16	11			
Wages of Enginemen, &c. - -	885	12	3				Horses - - -	142	4	4			
Fuel - - -	973	8	2				Carriages - - -	128	16	0			
Oil, Tallow, Waste, &c. - -	220	3	7				Dogs - - -	16	1	0			
Water - - -	36	15	4								8,802	19	10
Repairs of Engines and Tenders	234	3	9				Merchandise - - -	2,104	18	4			
Stationery, &c. - - -	20	18	10				Live Stock - - -	20	13	4			
Sundry Charges - - -	38	4	4								2,125	11	8
				3,138	11	5							
To Repairs of Carriages and							By Miscellaneous Receipts	—			43	6	5
Waggon - - -	—			192	6	9	By Rents - - -	144	2	6			
To Traffic Charges, viz. :—							Less Repairs of Buildings	9	2	6			
Salaries of Manager, Clerk, &c.	1,413	8	8								135	0	0
Wages and Clothing of Guard,							By Interest - - -	—			7	17	0
Porter, &c. - - -	581	9	7				By Balance Loss on Working	—			1,049	9	0
Oil, Grease, and other Stores -	261	14	6										
Stationery and Printing - -	85	0	6										
Sundry Charges - - -	7	18	0										
				2,349	11	3							
To Police Expenses - - -	—			446	10	4							
To General Charges, viz. :—													
Director-General's Office, one													
Moiety - - -	410	1	5										
Accountant's Office - - -	379	11	5										
				789	12	10							
To Rates and Taxes - - -	—			14	11	0							
To Fire Insurance - - -	—			36	19	0							
				£12,180	12	7					£12,180	12	7

(Signed) E. ROBINSON,
Finance and Traffic Manager.

29

REVENUE ACCOUNT, 30th June, 1866.

		£	s.	d.
† Mr. Middleton	-	11	7	8
Mr. Faviell	-	3	4	5
Stations Agent	-	0	14	5
		£15	6	6

GENERAL STATEMENT of the REVENUE ACCOUNT, 31st December, 1866.

(Signed) E. ROBINSON,
Finance and Traffic Manager.

PAPERS RELATING TO THE

CEYLON.

REVENUE ACCOUNT, 31st December, 1866.

		£	s.	d.		£	s.	d.
Maintenance	To Accountant	5750	0	0	By General Account	5750	0	0
Locomotive and Carriage	To Accountant	2546	9	1				
	To General Store Account	1408	18	7	By Miscellaneous Receipts	10	0	0
	To Crown Agents	72	5	0	By General Account	4158	10	1
	To Rolling Stock	140	17	5				
		4168	10	1		4168	10	1
Traffic Charges	To Accountant	2475	13	6				
	To Rolling Stock	5	15	4	By General Account	3274	6	0
	To General Stores Account	792	17	2				
		3274	6	0		3274	6	0
Director-General	To Accountant	400	0	0				
	To General Stores Account	12	12	1	By General Account	412	12	1
		412	12	1				
Accountant	To Accountant	432	16	8				
	To General Stores Account	5	9	6	By General Account	438	6	2
		438	6	2				
Rates and Taxes	To Accountant	43	7	0	By General Account	43	7	0
Advertising	"	5	2	0	"	5	2	0
Sundry Charges	"	32	7	7	"	32	7	7
Miscellaneous Receipts	To Balance from last half-year	15	6	6				
	To Rolling Stock	241	17	10				
	To General Stores Account	489	12	11				
	To J. Millett	30	0	0				
	To Locomotive and Carriage	10	0	0				
	To General Account—Rent	175	0	4				
	Interest	16	13	3	By Accountant	1209	10	11
	Sundries *	353	14	1	By Outstandings †	122	14	0
		£1332	4	11		£1332	4	11

	£	s.	d.
* Trespass Fines	36	2	6
Profit on Stores	317	11	7
	£353	14	1

	£	s.	d.
† Stations Agent	15	5	3
Mr. Faviell	93	17	6
Mr. Molesworth	9	3	3
Carrying Company	4	8	0
	£122	14	0

(Signed) E. ROBINSON,
Finance and Traffic Manager.

GENERAL STATEMENT of the REVENUE ACCOUNT, 30th June, 1867.

Dr.				Cr.		
	£	s.	d.	£	s.	d.
To Maintenance - - -	—			6,825	0	0
To Locomotive Charges, viz. :—						
Salaries of Superintendent,						
Clerks, &c. - - -	853	1	0			
Wages of Enginemen, &c. -	1,247	3	1			
Fuel - - -	1,377	19	3			
Oil, Tallow, Waste, &c. -	273	15	0			
Water - - -	40	19	1			
Repairs of Engines and Tenders	594	2	9			
Stationery, &c. - - -	34	5	7			
Sundry Charges - - -	16	18	7			
				4,438	4	4
To Repairs of Carriages and						
Waggons - - -	—			423	7	1
To Traffic Charges, viz. :—						
Salaries of Managers, Clerks, &c.	1,629	10	8			
Wages and Clothing of Guards,						
Porters, &c. - - -	823	4	3			
Oil, Grease, and other Stores -	293	7	5			
Stationery and Printing - -	70	16	6			
Sundry Charges - - -	2	17	6			
				2,819	16	4
To Police Expenses - - -	—			464	9	0
To Electric Telegraph - -	—			137	13	9
To General Charges, viz. :—						
Director-General's Office - -	408	0	11			
Accountant's Office - - -	494	3	1			
				902	4	0
To Rates and Taxes - - -	—			55	19	0
To Fire Insurance - - -	—			44	16	6
				£16,111	10	0

	£	s.	d.	£	s.	d.
By Traffic, viz. :—						
Passengers - - -	8,395	6	3			
Parcels - - -	242	1	1			
Horses - - -	140	14	1			
Carriages - - -	92	15	0			
Dogs - - -	17	10	0			
				8,888	6	5
Merchandise - - -	5,952	8	10			
Live Stock - - -	40	13	0			
				5,993	11	10
By Miscellaneous Receipts - -	—			214	3	15
By Rents - - -	143	7	6			
“Less” Repairs of Buildings -	13	5	0			
By Interest - - -	—			130	2	6
By Waggon Hire - - -	—			10	10	8
By Balance Loss in Working -	—			276	10	0
				598	15	2

(Signed) E. ROBINSON,
Finance and Traffic Manager.

AFFAIRS OF THE CEYLON RAILWAY.

31

CEYLON.

REVENUE ACCOUNT, 30th June, 1867.

Maintenance - - -	To Accountant - - -	£ s. d. 6825 0 0	By General Account - - -	£ s. d. 6825 0 0
Locomotive and Carriage Department - - -	{To Accountant - - -	2869 16 5	By General Account - - -	4861 11 5
	{To General Stores Account - - -	1991 15 0		4861 11 5
		4861 11 5		
Traffic Charges - - -	{To Accountant - - -	2767 11 4	By General Wages - - -	30 0 0
	{To General Stores Account - - -	550 9 0	By Repairs of Buildings - - -	4 0 0
	{To Rolling Stock - - -	0 5 0	By General Account - - -	3284 5 4
		3318 5 4		3318 5 4
Telegraph - - -	{To Accountant - - -	136 15 5	By General Account - - -	137 13 9
	{To General Stores Account - - -	0 18 4		137 13 9
		137 13 9		
Director-General - - -	{To Accountant - - -	400 0 0	By General Account - - -	408 0 11
	{To General Stores Account - - -	8 0 11		408 0 11
		408 0 11		
Accountant - - -	{To Accountant - - -	489 14 0	By General Account - - -	494 3 1
	{To General Stores Account - - -	4 9 1		494 3 1
		494 3 1		
Rates and Taxes - - -	To Accountant - - -	55 19 0	By General Account - - -	55 19 0
Fire Insurance - - -	" - - -	44 16 6	" - - -	44 16 6
Repairs of Building - - -	" - - -	13 5 0	" - - -	13 5 0
		114 0 6		114 0 6
Miscellaneous Receipts - - -	{To Balance from last Account - - -	122 14 0		
	{To Rolling Stock - - -	490 18 5		
	{To General Stores Account - - -	284 8 4		
	{To J. Millett - - -	30 0 0		
	{To Traffic Charges - - -	30 0 0		
	{To General Account—Rent - - -	143 7 6		
	Waggon Hire - - -	276 10 0		
	Interest - - -	10 10 8	By Accountant - - -	1384 17 9
	Sundries - - -	214 3 5	By Outstandings* - - -	217 14 7
		£1602 12 4		£1602 12 4

* Stations Agent - - -	£ s. d. 68 13 3
Commissioner of Roads - - -	36 0 0
J. W. Homes - - -	0 13 2
A. and B. Scott and Co. - - -	0 19 2
Middleton and Co. - - -	0 12 6
G. L. Molesworth - - -	9 3 3
J. Mitchell - - -	1 10 0
W. F. Faviell - - -	100 3 3
	£217 14 7

(Signed) E. ROBINSON,
Finance and Traffic Manager.

CEYLON.

GENERAL STATEMENT of the REVENUE ACCOUNT, HALF-YEAR ended 31st DECEMBER, 1867.

Dr.				Cr.			
	£	s.	d.		£	s.	d.
To Maintenance - - -	—	—	10,686 6 9	By Traffic, viz.:—			
To ditto beyond the Contract - -	—	—	389 19 0	Passengers - - -	15,451	13	4
To Locomotive and Carriage charges, viz.:—				Horses - - -	277	11	0
Salaries of Superintendent, Clerks, &c. - - -	1,368	14	0	Carriages - - -	158	3	6
Wages of Enginemmen, &c. - -	3,370	7	9	Dogs - - -	45	19	0
Fuel - - -	5,305	0	11	Parcels - - -	903	19	2
Oil, Tallow, Waste, &c. - -	788	5	9				16,837 6 0
Water - - -	181	19	7	Merchandise - - -	48,748	8	4
Repairs of Engines and Tenders -	1,411	10	0	Live Stock - - -	36	4	10
Office Expenses - - -	58	8	2				48,784 13 2
Sundry Charges - - -	68	11	11	By Miscellaneous Receipts - -	—	—	32 14 9
			12,552 18 1	By Rents - - -	138	19	6
To Repairs of Carriages and Waggon - - -	—	—	1,012 6 5	“Less,” Repairs of Building -	27	16	11
To Traffic Charges, viz.:—							111 2 7
Salaries of Managers, Clerks, &c. -	1,876	6	0	By Interest - - -	—	—	41 18 4
Wages and Clothing of Guards and Porters - - -	1,867	15	4	By Waggon Hire - - -	—	—	177 11 5
Oil, Grease, and other Stores -	649	13	1	By Warehouse Rent - - -	—	—	62 4 3
Stationery and Printing - -	87	6	8				
Sundry Charges - - -	17	14	2				
			4,498 15 3				
To Police Expenses - - -	—	—	833 18 1				
To Electric Telegraph - - -	—	—	418 9 2				
To General Charges, viz.:—							
Director-General's Office - -	180	4	9				
Audit Pay and Accountants - -	334	15	0				
Audit Clerk - - -	89	15	6				
Stores Department - - -	265	17	5				
			870 11 11				
To Rates and Taxes - - -	—	—	55 19 0				
To Sundry Charges - - -	—	—	49 10 0				
To Claims for Compensation - -	—	—	453 12 2				
			31,822 5 10				
Loss in Working, year 1865* - -	—	—	2,128 8 2				
To Balance - - -	—	—	32,096 16 6				
			£66,047 10 6				£66,047 10 6

	£	s.	d.	£	s.	d.
* To Working Expenses - - -	—	—	31,822 5 10			
„ Loss in Working, December, 1865 - - -	2,679	11	0			
„ „ June, 1866 - - -	1,049	9	0			
„ „ December, 1866 - - -	1,235	4	3			
„ „ June, 1867 - - -	598	15	2			
			5,562 19 5			
To Balance available for Sinking Fund - - -	—	—	37,385 5 3			
			28,662 5 3			
			£66,047 10 6			

See my letter No. 163, August 29, 1868.

(Signed) E. ROBINSON,
Finance and Traffic Manager.

AFFAIRS OF THE CEYLON RAILWAY.

33

REVENUE ACCOUNT, 31st DECEMBER, 1867.

CEYLON.

		£	s.	d.		£	s.	d.
Maintenance under Contract	To Accountant - - -	10,686	6	9	By General Account - - -	10,686	6	9
Maintenance beyond Contract - - -	(To Accountant - - -	370	4	0	By General Account - - -	389	19	0
	(To Engineering - - -	19	15	0		389	19	0
		389	19	0				
Locomotive and Carriage Department - - -	(To Accountant - - -	8,183	17	1	By Miscellaneous Receipts - - -	1	1	6
	(To General Stores - - -	5,352	8	6	By General Account—			
	(To Crown Agents - - -	25	0	0	Locomotive charges - - -	12,552	18	1
	(To Rolling Stocks - - -	5	0	5	Repairs of Carriages and Wag-	1,012	6	5
		13,566	6	0	gons - - -	13,566	6	0
Traffic Department - - -	(To Accountant - - -	4,623	4	0	By Miscellaneous Receipts - - -	23	2	0
	(To General Stores - - -	732	11	4	By General Account—			
		5,355	15	4	Traffic charges - - -	4,498	15	5
					Police - - -	833	18	1
Telegraph Department - - -	(To Accountant - - -	412	11	4		5,355	15	4
	(To General Stores - - -	5	17	10				
		418	9	2	By General Account - - -	418	9	2
General Charges - - -	(To Accountant - - -	1,071	5	3		418	9	2
	(To Treasurer - - -	89	15	6	By Repairs of Buildings - - -	12	0	0
	(To General Stores - - -	331	14	6	By Miscellaneous Receipts - - -	51	2	2
		1,492	15	3	By General Account—			
					General Charges - - -	870	11	11
Miscellaneous Receipts - - -	To Balance from last Account - - -	217	14	7	Rates and Taxes - - -	55	19	0
	To Rolling Stock - - -	79	2	2	Sundry Charges - - -	49	10	0
	To General Stores Account - - -	194	11	7	Claims for Compensation - - -	453	12	2
	To Repairs of Carriages and Waggon - - -	1	1	6		1,492	15	3
	To Traffic Charges - - -	23	2	0				
	To General Charges - - -	51	2	2				
	To J. Mellet - - -	35	16	2				
	To W. Williams - - -	24	0	0				
	To J. Lawson - - -	32	0	0				
	To R. Pitts - - -	24	0	0				
	To General Account—Rents - - -	138	19	6				
	Interest - - -	41	18	4				
	Waggon Hire - - -	177	11	5				
	Warehouse Rent - - -	62	4	3				
	Sundries - - -	32	14	9				
		£1,135	18	5	By Accountant - - -	1,135	18	5
						£1,135	18	5

(Signed) E. ROBINSON,
Finance and Traffic Manager.

(No. 723.)

SIR,
Colonial Secretary's Office, Colombo, October 30, 1868.
With reference to your letter, No. 684, of the 22nd September last, relative to the Railway Revenue Accounts to 31st December, 1867, I am directed to refer to you the accompanying communication received from the Finance and Traffic Manager on the subject.

No. 96, Cst.
28, 1868.

I have, &c.,
(Signed) JAMES SWAN,
For Colonial Secretary.

The Hon. the Auditor-General.

From the Hon. the AUDITOR-GENERAL to the Hon. the COLONIAL SECRETARY.

(No. 859).

SIR,
Colombo, November 13, 1868.
I have the honour to forward, for the information of Government, the following Accounts in connection with the Ceylon Railway for the half-year ended 30th June, 1868:—Account of Railway Receipts and Expenditure, with Subsidiary Statements; Rolling Stock Account; Export Duty Account; Sinking Fund Account; General Combined Statement of the above Account.

I have, &c.,
(Signed) T. B. STEPHEN,
Acting Auditor-General.

The Hon. the Colonial Secretary.

CEYLON.

GENERAL ACCOUNT of the RAILWAY FUNDS, January to June, 1868.

	£	s.	d.		£	s.	d.
Railway Receipts (Working) - - - -	74,102	14	7	Railway Expenditure (Working) - - - -	35,971	6	7
Rolling Stock - - - - -	25,026	0	8	Rolling Stock Expenditure - - - -	2,352	12	2
Export Duty - - - - -	34,593	8	6	Export Duty Expenditure on Account of Interest - - - -	23,894	15	6
Sinking Fund and Interest on Account - - -	127,131	18	5		£62,208	14	3
				Balance:			
				Railway Account - - - - -	38,131	8	0
				Rolling Stock - - - - -	22,673	8	6
				Export Duty - - - - -	10,708	13	0
				Sinking Fund - - - - -	127,131	18	5
	£260,854	2	2		£260,854	2	2

(Signed) T. B. STEPHEN,
Auditor-General.

RAILWAY WORKING ACCOUNT, REVENUE and EXPENDITURE, January to June, 1868.

RAILWAY RECEIPTS.—Vide Statement A.				By Payments on Account of Maintenance and other charges— Statement B.			
	£	s.	d.		£	s.	d.
Passengers - - - - -	19,136	19	2		35,971	6	7
Merchandise - - - - -	54,416	16	0	By Balance, viz.:			
Miscellaneous - - - - -	426	8	3	In the Oriental Bank, vide St. Caux -	£19,384	2	9
Interest declared by the Oriental Bank Corporation - - -	122	11	2	Deduct:—			
	£74,102	14	7	Deposits included in the above item, being Repayment of Advances made to Wives of Enginemen in England -	£95	0	0
				Charges paid by the Crown Agents from General Revenue Funds during quarter ended March, 1868, and which should be excluded from the above Balance -	582	11	5
					677	11	5
					18,706	11	4
				Balance in the Treasury - - - - -	16,409	13	5
				Advances made on account of Rolling Stock -	2,352	12	2
				Balance at Stations - - - - -	662	11	1
					38,131	8	0
					£74,102	14	7

(Signed) T. B. STEPHEN,
Auditor-General.

STATEMENT C.

Receipts.				£	s.	d.
Balance in the Oriental Bank Corporation on the 30th June, 1868 - - - -				23,511	16	3
Add:—Sums paid on the following dates:—						
1st July - - - - -				147	0	6
2nd July - - - - -				344	7	9
Amount paid by the Traffic Manager on the 9th October, 1868 - - - -				4	2	6
				£24,007	7	0
Expenditure.						
Deduct:—Payments made to the Traffic Manager on the following dates:—						
1st July, 1868 - - - - -				£250	0	0
4th July, 1868 - - - - -				1,800	0	0
13th July, 1868 - - - - -				1,500	0	0
1st September, 1868 - - - - -				57	0	9
1st October, 1868 - - - - -				596	9	3
3rd October, 1868 - - - - -				419	14	3
				4,623	4	3
				£19,384	2	9

(Signed) T. B. STEPHEN.

AFFAIRS OF THE CEYLON RAILWAY.

35

CEYLON.

ROLLING STOCK ACCOUNT.							

CEYLON.

B.

PAYMENTS by the TREASURER, TRAFFIC MANAGER, and the CROWN AGENTS, on account of RAILWAY WORKING EXPENSES, from January to June, 1868.

	January.	February.	March.	April.	May.	June.	TOTAL.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Maintenance - - -	64 10 11	1922 9 2	2044 5 5	1974 5 9	2001 18 4	2055 6 6	10,062 16 1
Locomotive Charges - -	3475 2 2	2629 17 10	1913 2 0	1956 10 9	1755 9 9	1656 2 3	13,386 4 9
Repairs of Carriages and Waggon - - -	349 5 5	473 14 4	388 3 3	197 2 3	233 10 2	321 8 4	1,963 3 9
Traffic Charges - - -	869 12 10	807 6 10	874 18 1	819 4 2	732 3 11	631 11 8	4,934 17 6
Police Expenses - - -	130 12 8	126 18 10	161 9 6	130 7 10	130 6 4	170 9 9	850 4 11
Electric Telegraph - - -	97 3 1	99 8 7	90 2 0	96 9 4	115 13 3	95 10 7	594 6 10
General Charges - - -	261 6 2	191 10 6	306 9 0	278 14 6	204 16 10	266 19 1	1,449 16 1
Additional Station and other Accommodation - - -	126 12 1	217 14 5	843 18 4	125 9 8	90 5 1	323 11 5	1,727 11 0
Total - - -	5314 5 4	6469 0 6	6622 7 7	5578 4 3	5264 3 8	5720 19 7	34,969 0 11
Expenses incurred by Crown Agents, vide annexed Statement - - -	—	—	582 11 5	—	—	419 14 3	1,002 5 8
	£ 5314 5 4	6469 0 6	7204 19 0	5578 4 3	5264 3 8	6140 13 10	35,971 6 7

(Signed) T. B. STEPHEN,
Auditor-General.

PAYMENTS made by the CROWN AGENTS in March and June, 1868, Quarters for which there is no provision in the Railway Ordinance 2 of 1868.

	£ s. d.
Crown Agents' allowance for 6 months - - -	300 0 0
Consulting Engineer's ditto - - -	350 0 0
Inspecting ditto ditto - - -	175 0 0
Ditto ditto disbursements ditto - - -	19 3 11
Allowance to Two Enginemmen to meet Incidental Expenses during Voyage - - -	40 0 0
Passage of ditto ditto - - -	104 10 0
Telegrams, Advertisement, &c. - - -	13 11 9
	£1002 5 8

(Signed) T. B. STEPHEN,
Auditor-General.

From the Hon. the COLONIAL SECRETARY to the Hon. the AUDITOR-GENERAL.

(No. 745.)

No. 564, Aug. 7, 1868.
No. 580, Aug. 18, 1868.
No. 593, Aug. 25, 1868.
No. 608, Sept. 3, 1868.
No. 708, Oct. 22, 1868.
No. 709, Oct. 22, 1868.
No. 723, Oct. 30, 1868.
Colonial Secretary to Treasurer.
No. 578, Oct. 29, 1868.
No. 526, Oct. 31, 1868.
Colonial Secretary to Treasurer.
No. 626, Nov. 16, 1868.

SIR,
Colombo, November 18, 1868.
I have the honour to acknowledge the receipt on the 16th instant of your letter, No. 859, of the 13th instant, forwarding, for the information of Government, the following accounts in connection with the Ceylon Railway for the half-year ended 30th June, 1868:—1. Account of Railway Receipts and Expenditure, with subsidiary statements; 2. Rolling Stock Accounts; 3. Export Duty Account; 4. Sinking Fund Account; and 5. General Combined Statement of the above Accounts.
These statements present a very clear view of the several subdivisions under which the general Railway Account is necessarily kept, and they will be laid on the table of the Legislative Council with the Bill for Railway Working Expenses in 1869; but in laying these papers before the Council it will be necessary to enter into explanation of the items appearing under the head of Sinking Fund, and I am therefore directed to invite your attention to my letters as per margin, and to request you to inform me when your Report upon the questions therein submitted to you may be expected.
Orders have been given in anticipation of the suggestions made by you as regards export duty and rolling stock. I note in the margin the letters to the Treasurer conveying those orders; copies of these letters have been already forwarded to you.
Instructions as regards the transfer from the general Treasury to the Railway Working Account in the Oriental Bank have also been given by my letter as per margin.
I am directed to inquire whether the balances shown on Working or Export Duty Accounts should now be transferred to Sinking Fund Account, and further transfers be made half-yearly, or whether it would in your opinion be better to defer the transfer until the close of the year, and to make future transfers yearly.

The Hon. the Auditor-General.

I have, &c.,
(Signed) JAMES SWAN.

No. 580, Aug. 18, 1868.
No. 593, Aug. 25, 1868.
No. 608, Sept. 3, 1868.
No. 708, Oct. 22, 1868.

(No. 877.)

SIR,

Audit Office, Colombo, November 18, 1868.
With reference to your letters, as per margin, I have now the honour to forward an abstract statement of the receipts and expenditure on account of the construction of the Ceylon Railway, under Mr. Faviell's contract.
Before commenting upon this statement I deem it my duty to explain, for the information of His

Honour the Officer administering the Government, the cause of the delay, and the difficulties against which this department has had to contend in the preparation of that statement, owing to the absence of the necessary materials, which ought to have been in readiness long ere this.

It appears that at the commencement of the construction of the railway, regular accounts in a systematic form were kept in the office, but owing, I believe, to an undue pressure of work, and to the repeated casualties which had occurred, resulting in the total loss to this office of four of the most useful and efficient hands, these accounts were unfortunately soon after discontinued, and this department from that period adopted, to a great extent, the statements rendered by the Director-General, and which were forwarded to Government, countersigned by the Auditor-General, after testing in a cursory manner their correctness from the accounts of the Crown Agents and other documents in this office; and I observe, that though an attempt was made in 1866 to adjust certain discrepancies between the statements of the Director-General and those kept in this office, yet the result was unsatisfactory. It is impossible, therefore, for me, under such circumstances, to reconcile the differences in the conflicting railway statements now before the Government. As requested, however, in your letter above referred to, I have given my prompt and most careful attention to the subject, which, as properly observed by his Honour, has now become "involved and confused."

Taking for my basis a statement prepared in this office for the half-year ending 30th June, 1866, the balance of which corresponds with the actual amount in the hands of the Crown Agents and in the Treasury on that date, I have proceeded to complete the statement up to May, 1868, when the Construction Account was finally closed, and the balance declared to the Sinking Fund. In this statement I could not classify the payments in as correct a manner as the railway authorities would have done, with all the necessary accounts ready at hand, and with the professional knowledge they possess; but the important fact remains, viz., that the receipts and expenditure therein exhibited for every half-year are the true and correct sums shown in the Treasurer's cash books of those years, and it will be seen that up to 8th May, 1868, the receipts were 1,558,314*l.* 13*s.* 2*d.*, against an expenditure of 1,458,828*l.* 13*s.* 2½*d.*, leaving a balance of 99,485*l.* 19*s.* 11¾*d.* This balance corresponds exactly with the sums in the hands of the Crown Agents and at the general Treasury, viz., in England, 35,122*l.* 8*s.* 4*d.*, in Ceylon, 63,820*l.* 2*s.* 4*d.*, besides "miscellaneous items" in the Treasury amounting to 543*l.* 9*s.* 3¾*d.* It will be perceived that the last-mentioned item did not form a portion of the balance declared to the Sinking Fund, because, I believe, it was considered doubtful at the time whether it properly formed one of those balances available for that fund, inasmuch as certain payments were always made from that source to the Government Agents for "Land and Compensation." It has now, however, been ascertained (pending a consultation with the railway authorities), that this sum may also be transferred to the Sinking Fund.

With respect to the payment made to Mr. Faviell under his contract, there is an important difference between the statement now furnished and that forwarded by the railway authorities. In the latter a sum of 36*l.* 7*s.* 1*d.* is represented as still due to the contractor, whilst in the former an over-payment of 1480*l.* 11*s.* 6*d.* is shown. At first sight this may appear inconsistent; but, after a careful investigation of the matter, the result arrived at seems to be conclusive. This fact is also borne out by a memorandum in the office prepared by the late Assistant Auditor-General, which corresponds with the over-payment in question (*vide* Statement A). It is possible that some items which should have been charged by the Crown Agents as beyond the contract, have been included as payments under the contract. This may perhaps explain the difference in question; but I am not in a position to speak with certainty of this matter, unless the accounts are investigated from the commencement, which will, I need not say, involve considerable time and labour, without any commensurate advantage.

With respect to the item of 2,513*l.* appearing at the foot of the second page of the Finance and Traffic Manager's letter, No. 163, of the 29th ultimo, to which you direct my attention, I have the honour to observe that Mr. Robinson is correct in stating that this amount is in deposit, and, as the award of the Consulting Engineer as regards the proper share of the cost of imported labour is 1,000*l.*, the difference, viz., 1,513*l.*, may, if there are no further demands against it, also be added to the Sinking Fund at the close of the year.

In conclusion, I beg most emphatically to repeat an opinion which I have expressed on former occasions, viz., that so long as the Finance and Traffic Manager keeps his accounts in the manner he does at present, such differences and discrepancies will always exist. He should, therefore, be directed to assimilate his accounts with those prescribed by the instructions, which require that the receipts and payments of one month should be confined to the transactions of that month, without embracing accounts past and prospective, which involve discrepancies of a nature difficult to reconcile, and still more difficult to trace and explain. As a practical illustration of the system pursued by the Finance Manager, I need only refer you to the balance on the Railway Account, on the 30th June, 1868, forwarded with my letter, No. 859, of the 13th instant.

I may add further that, on the receipt of your letter, No. 723, of the 30th ultimo, giving cover to one from the Finance Manager, relative to the Railway Revenue Accounts to 31st December, 1867, I wrote to Mr. Robinson to favour me with his attendance, to enable me to afford the necessary information to Government in regard to the discrepancies in those accounts, and, as soon as he does so, I shall forward a Report on the subject. But I beg to point out, with reference to the third paragraph of his letter, that whatever may be the "cross entries" omitted to be made in the accounts, they cannot affect the balance in the Treasury, which exactly corresponds with that exhibited in the accounts rendered by this Department, and which, consequently, must be correct, although the classification may not be in strict accordance with the railway method.

I have, &c.,
(Signed) T. B. STEPHEN,
Acting Auditor-General.

The Hon. the Colonial Secretary.

CEYLON.

RECEIPTS and EXPENDITURE ON ACCOUNT of the CEYLON

PARTICULARS.	From the Commence- ment to 31st Decem- ber, 1865.		From the 1st January to 30th June, 1866.		Total to the 30th June, 1866.		From 1st July to 31st December, 1866.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.
RECEIPTS.								
By Cash and Property transferred to the Con- tractor by the late Company - - - - -	59,134	5 11	—	—	59,134	5 11	—	—
Loans on Debentures - - - - -	350,000	0 0	—	—	350,000	0 0	—	—
Premium on ditto - - - - -	34,184	4 6	—	—	34,184	4 6	—	—
Contribution from Colonial Revenue - - -	345,000	0 0	35,000	0 0	380,000	0 0	—	—
Export Duty - - - - -	166,031	12 4	34,150	12 5	200,182	4 9	20,097	9 11
Miscellaneous - - - - -	964	10 6	52	15 0	1,017	5 6	302	0 8
Interest on Investments, &c. - - - - -	35,400	13 6	4,590	1 1	39,990	14 7	2,194	10 0
Premium on Bills - - - - -	—	—	—	—	—	—	—	—
Transferred from Revenue to Construction } Funds on account of Stores, as per Colo- nial Secretary's letter of 23rd and 28th March, 1867 - - - - -	—	—	—	—	—	—	—	—
Total - - - £	990,715	6 9	73,793	8 6	1,064,508	15 3	22,594	0 7
PAYMENTS.								
Subsequent to date of Contract.								
Payment to the Contractor in Ceylon - - -	437,577	8 6	80,759	17 0	518,337	5 6	78,082	12 7
Ditto ditto in England - - - - -	157,185	16 1	19,442	19 7	176,628	15 8	22,597	2 9
Guarantee Fund - - - - -	25,000	0 0	—	—	25,000	0 0	—	—
Payment Extra to the Contractor - - - - -	—	—	—	—	—	—	—	—
Beyond the Contract in Ceylon.								
Land and Compensation - - - - -	18,543	15 4½	899	17 8	19,443	13 0½	34	2 9
Salaries—Engineer Establishment and Miscel- laneous Expenses - - - - -	36,868	5 5	9,938	19 11	46,807	5 4	9,260	18 3
Rolling Stock and Machinery - - - - -	30,405	7 2	630	0 0	31,035	7 2	30,247	8 0
Extra Work and Contingencies - - - - -	28,372	4 0	1,208	16 5	29,581	0 5	—	—
Electric Telegraph - - - - -	2,987	8 3	—	—	2,987	8 3	—	—
Extra Station Work - - - - -	2,500	0 0	—	—	2,500	0 0	23,781	19 7
Premium on Gold - - - - -	1,619	9 4	—	—	1,619	9 4	—	—
Beyond the Contract in England.								
Expenditure by Crown Agents - - - - -	10,102	10 7	7,306	9 6	17,409	0 1	4,738	14 8
Extra Station Work - - - - -	—	—	—	—	—	—	6,418	19 2
Amount set aside for Rolling Stock - - -	—	—	—	—	—	—	—	—
Interest.								
Amount of Interest on Debentures issued to } pay Construction of Railway - - - - -	42,831	0 0	13,506	0 0	56,337	0 0	†20,982	0 0
Total - - - £	793,993	4 8½	133,693	0 1	927,686	4 9½	196,143	17 9

* Includes 7,500*l.*, as per Colonial Secretary's letter to Treasurer, No. 210, of 17th April, 1867.
† Includes the sum of 7,500*l.* transferred from General to Railway Account.

MEMORANDUM.			
Receipts to June 30th, 1866 - - -	£1,064,508	15 3	
Payments ditto - - - - -	927,686	4 9½	
Balance - - - - -	£ 136,822	10 5½	
In England.			
By Amount invested in New 3 per Cent. Annuities - - -	£10,793	19 2	
Deposit in Banks - - - - -	27,000	0 0	
Cash, Bank of England - - - - -	1,909	19 7	39,703 18 9
In Ceylon.			
By Fixed Deposits in the Oriental Bank - - - - -	77,395	9 2	
Current ditto - - - - -	18,663	17 2	
Cash at General Treasury - - - - -	1,069	5 4½	97,118 11 8½
	£136,822	10 5½	

Audit Office, Colombo,
18th November, 1868.

AFFAIRS OF THE CEYLON RAILWAY.

39

RAILWAY under the CONTRACT of MR. FAYIELL.

CEYLON.

Total to 31st December, 1866.	From 1st January to 30th June, 1867.	Total to 30th June, 1867.	From 1st July to 31st December, 1867.	Total to 31st December, 1867.	From 1st January to the close of the Construction Account, viz. 8th May, 1868.	Total to 8th May, 1868. (Construction closed.)
£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
59,134 5 11	—	59,134 5 11	—	59,134 5 11	—	59,134 5 11
350,000 0 0	118,900 0 0	468,900 0 0	231,100 0 0	700,000 0 0	—	700,000 0 0
34,184 4 6	7,842 10 0	42,026 14 6	19,659 9 0	61,686 3 6	—	61,686 3 6
380,000 0 0	—	380,000 0 0	—	380,000 0 0	—	380,000 0 0
220,279 14 8	*39,760 2 2	260,039 16 10	21,586 19 3	281,626 16 1	6,247 5 8	287,874 1 9
1,319 6 2	69 0 0	1,388 6 2	7,722 0 4	9,110 6 6	4,788 0 1	13,898 6 7
42,185 4 7	367 16 3	42,553 0 10	1,051 5 3	43,604 6 1	99 3 7	43,703 9 8
—	—	—	450 0 0	450 0 0	—	450 0 0
—	—	—	—	—	11,568 5 9	11,568 5 9
1,087,102 15 10	166,939 8 5	1,254,042 4 3	281,569 13 10	1,535,611 18 1	22,702 15 1	1,558,314 13 2
596,419 18 1	†33,758 10 4	630,178 8 5	18,070 15 5	648,249 3 10	—	648,249 3 10
199,225 18 5	1,412 0 7	200,637 19 0	596 13 11	201,234 12 11	—	201,234 12 11
25,000 0 0	—	25,000 0 0	—	25,000 0 0	—	25,000 0 0
—	—	—	—	—	58,202 0 0	58,202 0 0
19,477 15 9½	—	19,477 15 9½	816 4 0	20,293 19 9½	383 16 11	20,677 16 8¼
56,068 3 7	8,657 11 11	64,725 15 6	6,411 18 6	71,137 14 0	443 14 9	71,581 8 9
61,282 15 2	19,427 0 6	80,709 15 8	15,987 7 6	96,697 3 2	—	96,697 3 2
29,581 0 5	—	29,581 0 5	687 6 3	30,268 6 8	3,949 5 6	34,217 12 2
2,987 8 3	—	2,987 8 3	—	2,987 8 3	—	2,987 8 3
26,281 19 7	14,516 2 10	40,798 2 5	50,874 5 7	91,672 8 0	22,246 19 8	113,919 7 8
1,619 9 4	—	1,619 9 4	—	1,619 9 4	—	1,619 9 4
22,147 14 9	—	22,147 14 9	6,502 9 3	28,650 4 0	—	28,650 4 0
6,418 19 2	7,884 9 9	14,303 8 11	3,084 7 6	17,387 16 5	—	17,387 16 5
—	—	—	—	—	25,000 0 0	25,000 0 0
77,319 0 0	15,012 0 0	92,331 0 0	21,073 10 0	113,404 10 0	—	113,404 10 0
1,123,830 2 6½	100,667 15 11	1,224,497 18 5½	124,104 17 11	1,348,602 16 4½	110,225 16 10	1,458,828 13 2½

† This is part payment of the amount due for the half year ended 20th June, 1867. The difference having been advanced was settled during the next half year.

MEMORANDUM.

Receipts to 8th May	-	-	-	-	-	£1,558,314 13 2
Payments	-	-	-	-	-	1,458,828 13 2½
Balance	-	-	-	-	-	£ 99,485 19 11½
In England	-	-	-	-	£35,122 8 4	
In Ceylon	-	-	-	-	63,820 2 4	
					98,942 10 8	
In General Treasury	-	-	-	-	543 9 3½	
					£ 99,485 19 11½	

(Signed) T. B. STEPHEN,
Acting Auditor-General.

CEYLON.

A.

Memorandum.

Net amount of payments made to the Railway Contractor in Ceylon upon the Certificates of the Chief Resident Engineer, from	£	s.	d.
March, 1863, to October, 1867 - - - - -	625,626	16	6
Value of Earthwork and Materials taken over by the Contractor - - - - -	22,622	7	1
Amount of Retentions for Guarantee Fund - - - - -	25,000	0	0
Payments in England up to 31st December, 1867 - - - - -	201,234	12	11
Total - - - - -	874,483	16	6
Amount of Contract - - - - -	873,039	12	4
Difference apparently overpaid to Mr. Faviell - - - - -	1444	4	2
Add difference represented as short paid in the Accounts of the Director-General - - - - -	36	7	1
	£1480	11	3

(Signed) T. B. STEPHEN,
Acting Auditor-General.

Note.—A sum of 3*d.* appears to have been short paid to the contractor.

Colombo, November 18th, 1868.

(No. 763.)

SIR,

Colonial Secretary's Office, Colombo, November 25, 1868.

I have the honour to acknowledge the receipt of your letter, No. 877, of the 18th instant, with which you forward an abstract statement of the receipts and expenditure on account of the construction of the Ceylon Railway, under Mr. Faviell's contract. I am directed to request you now to report what items are to be transferred from the Treasury Deposits to Sinking Fund, and what items, if any, remain unsettled pending reference to the Consulting Engineer.

I am at the same time to inform you that the Finance and Traffic Manager has been required to conform to the local instructions in keeping the railway accounts as suggested by you.

A copy of the letter to that officer is enclosed.

His Honour will be glad to receive as soon as possible your Report on the balance on Railway Revenue Account up to 31st December, 1867.

I have, &c.,
(Signed) JAMES SWAN,
For Colonial Secretary.

The Hon. the Auditor-General.

(No. 177.)

SIR,

Colonial Secretary's Office, Colombo, November 25, 1868.

The Auditor-General has represented that so long as you keep your accounts in the manner you do at present, differences and discrepancies will always exist between the accounts regarding the railway rendered by you and that officer; and I am now directed to request you to conform to the instructions of Government in keeping your railway account, which instructions require that the receipts and payments of one month should be confined to the transactions of that month, without embracing accounts past and prospective, a course which involves discrepancies of a nature difficult to reconcile, and still more difficult to trace and explain.

I have, &c.,
(Signed) JAMES SWAN,
For Colonial Secretary.

The Finance and Traffic Manager,
Ceylon Railway.

(No. 908.)

SIR,

Audit Office, Colombo, November 26, 1868.

With reference to your letter, No. 745, of the 18th instant, I have the honour to state that the Construction Account of the Ceylon Railway was forwarded to you with my letter, No. 877, of the same date. As regards the account of railway working receipts, which was returned by you to this office, with the Traffic Manager's explanation, I beg to inform you that after a consultation with Mr. Robinson, with respect to certain discrepancies in that account, I shall report the result to you. I may, however, add that as far as I have gone into the accounts, the balance declared for the Sinking Fund in May, 1868, must stand, inasmuch as that was the actual balance in the Treasury and in the hands of the Crown Agents on the 31st December, 1867. Should that balance, however, be proved to be incorrect by Mr. Robinson, it will be necessary for him to state where the additional sum is deposited, and why it is not forthcoming.

You request my opinion as to whether the balances on Working Account and export duty should not now

be transferred to Sinking Fund. I have the honour to state that the Railway Ordinance does not contemplate this being done half-yearly, and for various reasons it is desirable that the balances should be declared annually.

I am glad to observe that the statements forwarded with my letter, No. 859, of the 16th instant, are found to present a very clear view of the several subdivisions under which the General Railway Account is necessarily kept.

The Hon. the Colonial Secretary.

I have, &c.,
(Signed) T. B. STEPHEN,
Acting Auditor-General.

(No. 771.)

SIR,

Colonial Secretary's Office, Colombo, November, 30, 1868.

I am directed to inform you, in reply to your letter, No. 908, of the 26th instant, that His Honour looks anxiously for your Report on the discrepancies in the statement of the Railway Revenue Account, and he hopes to receive that Report at an early date.

His Honour approves of the balances on Working and Export-Duty Accounts being transferred to Sinking Fund annually, as recommended by you; but I am to request you to report half-yearly the state of the accounts in the manner adopted in your letter, No. 859, of the 13th instant.

I have to request that the statement of the Sinking Fund Account, called for by my letter, No. 764, of the 25th instant, may be furnished before the end of the week at the latest.

The Hon. the Auditor-General.

I have, &c.,
(Signed) JAMES SWAN.

(No. 919.)

SIR,

Audit Office, Colombo, December 1, 1868.

I have the honour to return the Railway Revenue Accounts from October, 1865, to December, 1867, with the enclosures of your letter, No. 723, of the 30th October, and to state, with reference to your communication, No. 767, of the 29th ultimo, that the balance declared to the Sinking Fund on Working Account requires no alteration or amendment. Mr. Robinson called at this office yesterday, and I understand from him that the difference between his accounts and those rendered by me consists in certain transfers made in his books from General to Construction Account, which do not appear in the cash book of the Treasurer. This will, however, in no wise affect the general balance of the Sinking Fund Account, inasmuch as the decrease under one head will increase the balance under the other, and it would be hardly worth entering into the details of this work, which Mr. Robinson thinks will occupy three months at least, and I do not see myself any real advantage to be gained by attempting to reconcile these discrepancies, as the gross balances of the Construction and Working Accounts will form one general fund. Mr. Robinson agrees with me that the labour involved in this work can lead to no practical result. I respectfully submit, therefore, that the accounts rendered by me, and now returned, may be adopted, as the balance has been proved to be correct.

The Hon. the Colonial Secretary.

I have, &c.,
(Signed) T. B. STEPHEN,
Acting Auditor-General.

(No. 785.)

SIR,

Colonial Secretary's Office, Colombo, December 3, 1868.

I am directed to inform you, in reply to your letter, No. 919, of the 1st instant, that the Railway Revenue Account rendered by you, and returned with your letter under reply, will be adopted.

You will be so good as to report what action should be taken in respect of the item of 21l. 11s. 10d., referred to in the second paragraph of your letter, No. 684, of the 22nd September last.

The Hon. the Auditor-General.

I have, &c.,
(Signed) JAMES SWAN,
For Colonial Secretary.

(No. 932.)

SIR,

Audit Office, Colombo, December 3, 1868.

With reference to your letter, No. 763, of the 25th ultimo, I have the honour to state, with regard to the amount now in deposit in the Oriental Bank Corporation on account of Sinking Fund, that the Treasurer should be directed to draw from Miscellaneous Deposit "Railway Construction Account," the sum of 543l. 9s. 3½d., and place it in the Oriental Bank Corporation, on account of that fund.

I am not aware of any reference having been made to the Consulting Engineer with respect to the unsettled items, except that for imported labour, and the balance in deposit in the Treasury on this account should not, I submit, be placed to the credit of the Sinking Fund declared on the 31st December, 1867, inasmuch as the gross amount was charged as an expenditure in the Construction Account. This sum should, however, be transferred to the Sinking Fund (to be declared at the close of this year's transaction) as a "miscellaneous receipt," unconnected with the Revenue Account. A reference may be made to the Traffic Manager, who, I believe, is in possession of information respecting further available balances out of the sum set aside for the Public Works Department. I have to refer you to my letter, No. 919, of the 1st instant, relative to the balance on Railway Revenue Account.

The Hon. the Colonial Secretary.

I have, &c.,
(Signed) T. B. STEPHEN,
Acting Auditor-General.

CEYLON.

(No. 178.)

SIR,

Colonial Secretary's Office, Colombo, November 27, 1868.

With reference to the verbal application made by you at this office on Wednesday last, to omit from your Report on the working of the railway for the half-year ended December, 1867, the "General Statement of the Capital Account, 31st December, 1867," and also to omit the item of "Loss in working in 1865" from the "General Statement of Revenue Account," I am directed to inform you that there will be no objection to the omission of the statement and item in question if the proposal is made officially with the official concurrence of the Auditor-General.

I am to add, however, that the omission of the above-named statement and item is not to be made any ground for delaying the Report of the balances on the Revenue Account.

You will request the Auditor-General to fix a time at which you may call upon him to assist in explaining the discrepancies now existing in the Revenue Accounts, and you will personally devote yourself in communication with the Auditor-General to the immediate settlement of this question.

The Finance and Traffic Manager, Ceylon Railway.

I have, &c.,
(Signed) JAMES SWAN.

(No. 216.)

Ceylon Government Railway, Finance Department, Colombo,
November 30, 1868.

SIR,

In reply to your letter, No. 178, of the 27th instant, I have the honour to inform you that I have seen the Auditor-General this morning, and he agrees with me as to the desirability of omitting from my half-yearly Report for December last, the "General Statement of the Capital Account" and the item of "Loss in working in 1865" from the "General Statement of Revenue Account."

GENERAL STATEMENT of the REVENUE ACCOUNT, 31st December, 1867.

DR.				CR.			
	£	s.	d.		£	s.	d.
To Maintenance under Contract	—	—	10,686 6 9	By Traffic, viz.:—			
To ditto beyond the Contract	—	—	389 19 0	Passengers	15,451	13	4
To Locomotive and Carriage				Parcels	903	19	2
Charges, viz.:—				Horses	277	11	0
Salaries of Superintendents,				Carriages	158	3	6
Clerks, &c.	1,368	14	0	Dogs	45	19	0
Wages of Enginemen, &c.	3,870	7	9				
Fuel	5,305	0	11	Merchandise	48,748	8	4
Oil, Tallow, Waste, &c.	788	5	9	Live Stock	36	4	10
Water	181	19	7				
Repairs of Engines and Tenders	1,401	10	0	By Miscellaneous Receipts	—	—	—
Office Expenses	58	8	2	By Rents	138	19	6
Sundry Charges	68	11	11	"Less" Repairs of Buildings	27	16	11
			12,552 18 1				
To Repairs of Carriages and				By Interest	—	—	—
Waggons	—	—	1,012 6 5	By Waggon Hire	—	—	—
To Traffic Charges, viz.:—				By Warehouse Rent	—	—	—
Salaries of Managers, Clerks, &c.	1,866	6	0				
Wages and Clothing of Guards							
and Porters	1,877	15	4				
Oil, Grease, and other Stores	649	13	1				
Stationery and Printing	87	6	8				
Sundry Charges	17	14	2				
			4,498 15 3				
To Police Expenses	—	—	833 18 1				
To Electric Telegraph	—	—	418 9 2				
To General Charges, viz.:—							
Director-General's Office	180	4	0				
Audit, Pay, and Accountant's							
Office	334	15	0				
Audit Clerk	89	15	6				
Stores Department	265	17	5				
			870 11 11				
To Rates and Taxes	—	—	53 19 0				
To Sundry Charges	—	—	49 10 0				
To Claims for Compensation	—	—	453 12 2				
			31,822 5 10				
To Loss in Working in 1865	2,128	8	2				
Half-year ending							
June, 1866	1,049	9	0				
To Loss in Half-year ending							
Dec. 1866	1,235	4	3				
To Loss in Half-year ending							
June, 1867	598	15	2				
			5,011 16 7				
To Balance available for Sinking							
Fund	20,213	8	1				
			34,225 4 8				
			£66,047 10 6				
							£66,047 10 6

(Signed) E. ROBINSON,
Finance and Traffic Manager.

PAPERS RELATING TO THE

CEYLON.

I have also gone over the Revenue Accounts from October, 1865, to December, 1867, with the Auditor-General. The discrepancies between the accounts of the two offices arise chiefly through a series of entries in each half-year transferring sums from the "Revenue" to the "Capital" Account, and *vice versa*, having been made in my books, but of which no corresponding entries have been made by the Treasurer. My accounts also include 97*l.* 5*s.* paid by the Crown Agents, but debited by the Auditor-General to Capital. It is therefore simply impossible to adjust the differences in the Revenue Account without reopening the Capital Account, and as the adjustment would in no way affect the balance on the two accounts due to Sinking Fund on 31st December, 1867, it is questionable, seeing that the discrepancies in the Revenue Account have now been explained to the satisfaction of the Auditor-General, if it is worth while reopening the accounts.

The Hon. the Colonial Secretary.

I have, &c.,
(Signed) E. ROBINSON,
Finance and Traffic Manager.

(No. 183.)

SIR,

Colonial Secretary's Office, Colombo, December 3, 1868.

In reply to your letter, No. 216, of the 30th ultimo, I am directed to inform you that the general statement of the Capital Account has been omitted from your half-yearly Report for the half-year ended 31st December, 1867, and the item of "Loss in working in 1865" has been omitted from the general statements of the Revenue Account for that half-year, 1867. The balance is of course increased to the amount of this item.

The Finance and Traffic Manager,
Ceylon Railway.

I have, &c.,
(Signed) JAMES SWAN.

No. 2.

COPY of a DESPATCH from the EARL GRANVILLE, K.G., to the Officer Administering
the Government of CEYLON.

(No. 50.)

SIR,

Downing Street, March 18, 1869.

* Page 3.

I HAVE to acknowledge your Despatch, No. 133,* dated the 15th December last, enclosing printed copies of the reports of the railway officers for the half-year ending the 31st December, 1867, and of financial statements showing the total payments and receipts on Railway Construction Account, and also on the Working Account to the 31st December, 1867, and the balance due to the Sinking Fund for its commencement from that date; also copies of correspondence with the Auditor-General and Railway Department on the subject of this balance, which is now reported to be 127,143*l.* 14*s.* 2*d.*, instead of 126,504*l.* 17*s.* 4*d.*, the amount reported by Sir H. Robinson some time since.

March 18,
1869.

2. Your Despatch, with its enclosures, has been communicated to the Crown Agents, with instructions, of which I annex a copy, to adjust the amount of the Sinking Fund investment in accordance with your present Report, unless they find that there is some disagreement with their own accounts, such as to require further reference to your Government. This decision will, however, be subject to any future directions from the Board of Treasury, who will receive the papers, with the Agent's Report on them.

3. The present statements, though giving a complete summary of the Construction payments and receipts, do not present to view so clearly as could be desired the total true expenditure which has taken place on the construction, and the amount of each class of funds out of which it has been met. I have to request that you will furnish a revised statement of construction, expenditure, and funds, showing on the side of funds the various receipts from first to last much as in the present statements, but so as to throw together for the whole period the total contributions of each class, viz., from export duties, other revenue, balances, and also so as to distinguish, as far as practicable, the head of profit on exchange or remittance, and showing on the side of expenditure the total expenditure from first to last, whether under the former Company or the Government, and whether under the contract or beyond the contract, arranged under its proper heads, such as surveys, other preliminary expenses, management, land, stations, works (distinguishing the several classes of works as in the present progress statement of the account with the contractor), rolling stock, stores, electric telegraph, loss on exchange or remittance (as far as practicable), and interest during construction, which last head should of course include the guaranteed interest advanced to the Company. The net total of expenditure should be further shown by deducting from the total of

gross expenditure the receipts of interest on balances, and profits from traffic, *i.e.* the surplus beyond working expenses, and any other receipts or repayments in reduction of expenditure, during the construction period, *i.e.* before the 1st January, 1868. On the other hand, the net total of funds will be shown by deducting the sum payable to the sinking fund on the same date, which will balance both sides of the statement.

CEYLON.

4. I have further to request that an estimate may be appended to this statement, of the total amount of interest which the various sums contributed to the Construction Fund, export duties, other revenues and balances, would have yielded, between the dates at which they were practically invested in the enterprise and the 1st January, 1868, assuming them to bear interest at the rate of 5 per cent. per annum. It is obviously necessary to add such a sum for interest on the money of the Colonial Government sunk in the enterprise, for the purpose of estimating the true capital cost of the railway, that is to say, what it would have cost if made entirely out of capital expected to be remunerative.

5. Should you require any information from the Crown Agents to enable you to comply with these instructions, you will obtain it from them by direct correspondence.

6. You will also request Mr. Molesworth to furnish, for my information, a Report comparing the ascertained construction expenditure, since the date of the contract, with the estimates relied on when the contract was made, and explaining the causes of any excess on each head. Mr. Molesworth observes, in his Report of the 9th June, 1868, now enclosed by you, that the portion of the contract relating to expenditure on stations has not worked satisfactorily. I shall be glad to be furnished with some explanation on this point in the proposed Report.

The Officer Administering the Government
of Ceylon.

I have, &c.,
(Signed) GRANVILLE.

Enclosure in No. 2.

Encl. in No. 2.

GENTLEMEN,

Downing Street, March 18, 1869.

I am directed by Earl Granville to annex, for your information, a copy of a Despatch received from the Officer Administering the Government of Ceylon, with its enclosures in original (which you are requested to return), reporting the correct amount due to the Ceylon Sinking Fund for its opening on the 1st January, 1868, to be 127,143*l.* 14*s.* 2½*d.*, instead of 126,504*l.* 17*s.* 4*d.*, the amount previously reported by Sir H. Robinson, and I am directed to instruct you to adjust the Sinking Fund investment at a convenient opportunity, in accordance with this Report, unless you find that there is some disagreement with your own accounts, such as to require further reference to the Colonial Government, in which case you will inform this department of the particulars. I am directed to annex a copy of a reply to the present Despatch, addressed by Lord Granville to the Officer Administering the Government.

No. 133, Dec.
15, 1868.
Page 3.

No. 50, March
18, 1869.
Page 44.

The Crown Agents for the Colonies.

I am, &c.,
(Signed) F. R. SANDFORD.

No. 3.

No. 3.

COPY of a DESPATCH from GOVERNOR SIR HERCULES ROBINSON, K.G., M.G., to EARL GRANVILLE, K.G.
(No. 75.)

The Pavilion, Kandy, Ceylon, March 7, 1870.

(Received April 8, 1870.)

(Answered, No. 101, May 3, 1870, page 50.)

MY LORD,

I HAVE the honour to forward herewith the following statements prepared by the Auditor-General in conformity with the instructions contained in your Lordship's Despatch, No. 50,* of the 18th March last.

* Page 44.

Statement showing the true expenditure on the construction of the railway from first to last, and the amount of each class of funds out of which the expenditure has been met.

Estimate of interest on amounts contributed from the general revenue of the Colony.

Statement showing the net cost of constructing the railway, and what it would probably have cost if it had been made throughout with borrowed capital.

These statements exhibit the following results:—

"The total amount incurred on the construction of the railway amounted to 1,738,483*l.* 3*s.* 2*d.*; the funds from which the expenditure was met amounted to

CEYLON. 1,865,626*l.* 17*s.* 5*d.*; so that on the completion of the work there was a balance of 127,143*l.* 14*s.* 3*d.*, which was paid over to the Sinking Fund.

Deducting from the gross expenditure incurred on the railway, the interest received on investments, the profit on working receipts, and miscellaneous receipts, amounting together to 78,879*l.* 19*s.* 3*d.*, the net cost of the railway would be 1,659,603*l.* 3*s.* 11*d.* But adding to this the interest which would have been payable if the amount contributed from the general revenue and export duty had been borrowed by the Government, viz., 159,652*l.* 7*s.* 9*d.*, the estimated probable cost of the railway, if it had been constructed throughout with borrowed capital, would have been 1,819,255*l.* 11*s.* 8*d.*

I enclose further a copy of a letter from Mr. Molesworth, Director-General of the railway, furnishing a comparative statement of the original estimate of the construction of the railway and the actual expenditure incurred, and explaining the causes of the difference under the various heads; and submitting also a Report in regard to the unsatisfactory working of that portion of the contract which related to the expenditure on stations.

In explanation of the difference between the amount given by Mr. Molesworth as the actual expenditure incurred for the construction of the railway and that appearing in the statement of the Auditor-General, it may perhaps be necessary to state that the former shows only the expenditure during the execution of the contract by Mr. Faviell, whilst the statement of the Auditor-General gives the whole amount expended on the work under the railway company as well as under the contract.

I have, &c.,
(Signed) HERCULES ROBINSON.

The Earl Granville, K.G.,
&c. &c.

Enclosure 1
in No. 3.

Enclosure 1 in No. 3.

A.

STATEMENT showing the TRUE EXPENDITURE on the CONSTRUCTION of the RAILWAY from FIRST to LAST, and the AMOUNT of EACH CLASS of FUNDS out of which the EXPENDITURE has been met.

RECEIPTS.				EXPENDITURE.			
		£	s. d.			£	s. d.
1. Loans on Debentures	- - -	800,000	0 0	Engineering and Surveying Tools, &c.	-	86,638	7 7
2. Premiums on Ditto	- - -	66,313	12 9	Salaries and Wages, including Passage	-		
3. General Revenue	- - -	478,420	16 3	Money of Staff	-	51,671	7 1
4. Export Duty	- - -	412,012	9 2	Law Charges	-	3,716	9 10
5. Interest on Investment	- - -	44,344	16 6	Advertising, Printing, Stationery, &c.	-	2,445	7 8
6. Profit on Working Account to 31st Dec., 1867	- - -	27,657	14 3	Travelling Expenses	-	6,528	17 10
7. Miscellaneous Receipts	- - -	6,877	8 6	Land and Compensation	-	65,080	13 5
				Rolling Stock	-	180,513	0 3
				Cost of Exchange on Remittances, Brokerage, &c.	-	7,735	10 8
				Payments to the Contractor under the Contract	-	873,039	12 4
				Miscellaneous	-	72,378	17 7
				Stores	-	60,445	9 2
				Bonus to the Contractor	-	58,202	0 0
				Extra Station Work beyond the Contract	-	80,916	9 10
				Cost of constructing Electric Telegraph, less amount received from Government	-	2,583	4 8
				Extra Work beyond the Contract	-	11,643	11 10
				Debenture Interest, &c.	-	171,914	3 5
				Total Expenditure from first to last	-	1,738,483	3 2
				By Balance paid over to Sinking Fund	-	127,143	14 3
		£1,865,626	17 5			£1,865,626	17 5

(Signed) T. B. STEPHEN,
Acting Auditor-General.

Enclosure 2 in No. 3.

CEYLON.

B.

Enclosure 2
in No. 3.

ESTIMATE of INTEREST ON AMOUNTS CONTRIBUTED from the GENERAL REVENUE of the COLONY, estimated in accordance with Instructions from the SECRETARY of STATE.—*Vide* Despatch, No. 50, 18th March, 1869.

From what Source derived.	Amount.	Date.	Interest (Simple) at 5 per Cent.	Total.
	£ s. d.		£ s. d.	£ s. d.
Export Duty - - - - -	34,558 9 3	1858	15,551 6 1	
" " - - - - -	37,869 18 6	1859	15,147 19 4	
" " - - - - -	40,051 1 0	1860	14,017 17 3	
" " - - - - -	40,572 16 8	1861	12,171 17 0	
" " - - - - -	33,552 6 0	1862	9,638 1 5	
" " - - - - -	36,830 3 4	1863	7,366 0 8	
" " - - - - -	50,246 8 11	1864	7,536 19 3	
" " - - - - -	53,332 0 4	1865	5,333 4 0	
" " - - - - -	54,248 2 4	1866	2,712 8 1	
" " - - - - -	55,751 2 10	1867	—	
	£442,012 9 2			89,475 13 1
Revenue - - - - -	30,000 0 0	1863	6,000 0 0	
" - - - - -	25,682 1 5	1863	5,136 8 8	
" - - - - -	250,000 0 0	1864	37,500 0 0	
" - - - - -	30,000 0 0	1864	4,500 0 0	
" - - - - -	72,738 14 10	1864	11,790 6 0	
" - - - - -	35,000 0 0	1865	3,500 0 0	
" - - - - -	35,000 0 0	1866	1,750 0 0	
	£920,433 5 5			70,176 14 8
				£159,652 7 9

Audit Office, Colombo,
10th February, 1870.

(Signed) T. B. STEPHEN.
Acting Auditor General.

Enclosure 3 in No. 3.

Enclosure 3
in No. 3.

C.

STATEMENT showing the NET COST of CONSTRUCTING RAILWAY, and what it would probably have cost, if it had been made throughout with BORROWED CAPITAL.

Gross Expenditure on Railway, as shown in A - - - - -	£	s.	d.
	1,738,483	3	2
Deduct:—Interest on Investments, as shown in A (5) - - - - -	£44,344	16	6
Profit on Working Receipts " A (6) - - - - -	27,657	14	3
Miscellaneous Receipts " A (7) - - - - -	6,877	8	6
	78,879	19	3
Net Cost of Railway from first to last - - - - -	1,659,603	3	11
Add Interest on Export Duty and General Revenue Funds, as shown in B - - - - -	159,652	7	9
Estimated probable Cost of Railway, if it had been constructed throughout with Borrowed Capital - - - - -	1,819,255	11	8

Audit Office, Colombo,
10th February, 1870.

(Signed) T. B. STEPHEN,
Acting Auditor-General.

(No. 171.)

Enclosure 4 in No. 3.

Enclosure 4
in No. 3.

From the DIRECTOR-GENERAL to the HONOURABLE the COLONIAL SECRETARY.

(Comparison between Expenditure and Original Estimate.)

SIR, Ceylon Government Railway, Colombo, June 30, 1869.

In accordance with the instructions contained in your letter, No. 22, of the 26th April, I have the honour to submit for the information of the Secretary of State for the Colonies a comparison between the original estimate and the actual expenditure at the closing of the Capital Account at the end of the year 1867.

This comparison shows that, after deducting from the actual expenditure those items which were not included in the original estimate, and after striking out from the original estimate those items which are inapplicable to the line as constructed, the actual expenditure has been 17,132*l.* 15*s.* 1*d.* less than the original estimate.

The circumstances, however, under which the estimate was framed render it impossible for me to make

CEYLON.

a critically accurate comparison between the several items of which this total is made up, a brief recapitulation of these circumstances will be necessary to render this difficulty apparent to his Lordship.

When the railway was under the control of the late railway company, the question of its cost was referred to the late Robert Stephenson, and on his death this reference was transferred to Mr. Hawkshaw, who reported fully on the question. Pending this reference, which was of considerable duration, I was appointed by the Company to act as its Chief Resident Engineer, and whilst so acting I recommended to my Directors, as the result of my examination of the country, an entirely different route through the hilly districts, which would affect a very large saving in the cost of the railway. This line was ultimately adopted, and I was instructed by the Directors in preparing the estimate for it to adopt Mr. Hawkshaw's rates and figures so far as the change of line would admit of my doing so. In accordance with these instructions I prepared an estimate, amounting to 1,439,117*l.*, of which 460,000*l.* was based on an exact copy of Mr. Hawkshaw's figures. This estimate, compared with Mr. Hawkshaw's total of 1,860,000*l.*, showed a saving of 420,883*l.* due to the altered trace. This estimate was, I believe, the estimate relied upon when the contract was made, and it was exhibited for the information of the parties so tendering. It will be obvious from the foregoing remarks that there is considerable difficulty in making a critical comparison between the several heads of expenditure and the original estimate for the following reasons:—

1st. It was intended at the time the estimate was framed that the work should be carried on by the Company instead of by Government.

2ndly. It was intended that the rails and station materials should be furnished by the Company instead of the Contractor.

3rdly. The classification of accounts has been kept under heads differing from those of the original estimate.

4thly. The result of the different classification is that several items have been mixed together in such a manner as to render it impossible to separate them satisfactorily; for example, the transport of staff and labour in the original estimate formed one item; whereas in actual expenditure the greater part of labour has been distributed over "earth-work," "bridges," "culverts," "tunnels," "telegraph," "miscellaneous works of art," "permanent way," &c., &c. Again, in the original estimate station expenditure was distributed over the items "earth-works," "materials," "freight," "transport of staff and labour," "management" and "contingencies." Whereas in the accounts it has been included under one heading only.

5thly. There are some items in the estimate inapplicable to the work as carried out.

6thly. There are many items of actual expenditure only applicable to carrying out the undertaking by Government; for example, transport of engineering staff to Ceylon was not included in the estimate, the Company's staff being then already in the island.

7thly. The interest on debentures could not be included in the estimate because interest was guaranteed by Government to the Company. Again, stores for the working of the railway were not included in the estimate for construction, nor can they be fairly considered an actual expenditure, as they are equivalent to a cash balance and will be repaid in the working of the line as the stores are required.

8thly. The sum of 25,000*l.*, set aside for additional rolling stock, was not included in the original estimate, as it is usual, especially in a new country, to commence with the minimum amount of rolling stock and station, accommodation and increase, as the necessity for such increase may become manifest, and the line was worked for a year without any increase.

9thly. It is more than nine years since Mr. Hawkshaw made his estimate, and I have no access to the figures and details on which he based them.

The following Table shows the result of the accounts which I have reclassified with much care, difficulty, and labour, to correspond with the items of the original estimate, and which is as near an approximation as it is possible for one to arrive at, with the information at my disposal.

The total sum of 1,253,626*l.* 16*s.* 1*d.* under "Actual Expenditure" in Statement A, together with that of 168,357*l.* 10*s.* in Statement C, being the total amount of the Capital Account as shown by the return of the Finance and Traffic Manager of the Railway on the closing of the Capital Account less 3,343*l.* 9*s.* 4*d.* since transferred from the Treasury to the Sinking Fund. And the sum of 1,270,759*l.* 11*s.* 2*d.* under the heading "Original Estimate," Statement A; together with the amount of 191,129*l.* 1*s.* 7*d.* in Statement B, being the total amount of the original estimate.

STATEMENT A.

COMPARISON between the ORIGINAL ESTIMATE and the EXPENDITURE at the time of closing the CAPITAL ACCOUNT at the end of 1867.

DESCRIPTION.	Original Estimate.		Actual Expenditure.		REMARKS.
	£	s. d.	£	s. d.	
1. Earthwork	273,344	4 2	257,717	0 4	
2. Works of Art, Tunnels, Bridges, &c.	278,981	7 0	222,717	2 0	
3. Miscellaneous Works of Art	35,367	0 0	33,514	0 0	
4. Permanent Way, exclusive of Rails	142,734	0 0	155,599	6 3	
5. Transport of Contractors, Staff, and Labour	60,000	0 0	9,000	0 0	
6. Station Expenditure in Ceylon	50,000	0 0	87,239	0 0	
7. Electric Telegraph	2,960	0 0	2,583	4 8	
8. Rails, Fishes, and Fastenings	87,251	0 0	109,226	0 0	
9. Station Materials	11,850	0 0	22,678	0 0	
10. Rolling Stock and Machinery	82,990	0 0	114,538	18 2	
11. Freight and Charges	24,000	0 0	26,252	17 0	
12. Land and Compensation	35,852	0 0	20,677	16 8	
13. Engineering and Administration in Ceylon	63,500	0 0	47,084	1 11	
14. Ditto in England	24,500	0 0	18,232	16 4	
15. Contingencies	97,430	0 0	126,566	12 9	
Total	£1,270,759	11 2	£1,253,626	16 4	

Saving on Estimate, £17,132 1*s.* 1*d.*

STATEMENT B.

ITEMS NOT INCLUDED in the ORIGINAL ESTIMATE.

DESCRIPTION.	—	REMARKS.
	£ s. d.	
Interest on Debentures - - - - -	113,404 10 0	{ The Interest was guaranteed by the Ceylon Government to the Company. The Capital was raised by Shares, and Debentures were not contemplated.
Expenses connected with Debentures, Stamping Bonds, Brokerage, Loss on Investments, and Premiums on Gold - - - - -	13,150 6 0	
Loss on Exchange - - - - -	3,084 7 6	{ The Engineering Staff was in Ceylon. This is a Traffic Charge, not a Construction Charge.
Passage Money of Engineering Staff to Ceylon - - - - -	1,270 0 0	
Charges " Traffic Staff to Ceylon and Sundry Traffic - - - - -	3,102 2 7	{ This is equivalent to Cash in hand, and is for Traffic purposes.
Sundry Stores - - - - -	1,489 5 0	
Value of Stores in hand - - - - -	17,574 18 9	{ Not required for the first opening of the Line.
Miscellaneous (not classified) - - - - -	13,053 11 9	
Set aside for additional Rolling Stock - - - - -	25,000 0 0	
Total - - -	£191,129 1 7	

STATEMENT C.

Showing the DEDUCTIONS made in the ORIGINAL ESTIMATE.

DESCRIPTION.	—	REMARKS.
	£ s. d.	
Earthwork - - - - -	7,812 10 0	Wharf Line, not executed.
Works of Art - - - - -	10,000 0 0	Bridges on Wharf Line, not executed.
Crossings - - - - -	18 0 0	
Freight and Duty - - - - -	6,873 0 0	Already incurred.
Land - - - - -	41,848 0 0	Previously purchased.
Preliminary Expenses - - - - -	9,856 0 0	Previously incurred.
Engineering in Ceylon - - - - -	33,539 0 0	Already incurred.
Management in Ceylon - - - - -	5,116 0 0	" "
Engineering in England - - - - -	2,575 0 0	" "
Management in England - - - - -	7,498 0 0	" "
Buildings - - - - -	6,139 0 0	" "
Law - - - - -	908 0 0	" "
Exchange - - - - -	3,175 0 0	" "
Contractor's Expenses - - - - -	3,000 0 0	Not applicable.
Depreciation - - - - -	30,000 0 0	" "
Total - - -	£168,357 10 0	

The most important differences in the Statement A are in the following items :—
“Transport of Staff.”
“Rails,” &c.
“Station Expenditure.”
“Rolling Stock.”
“Contingencies.”

The difference between the Estimate and the Expenditure, under the head of Transport, is, as I have previously explained, more nominal than real, as the transport of labour has been debited to other items of account, but I have no data to enable me to extract it fairly from the different heads.

The difference in the cost of rails is mainly due to a rise in the market price of rails. With regard to the excess in Stations and Rolling Stock, at the time the estimate was framed, no plans or designs of any kind had been made for the stations, merely a lump sum was put down for them, and at that time (1859) the quantity of coffee exported annually was about 30,000 tons, whereas in 1867 it was about 43,000. There was, moreover, an error in the figures forwarded by the Planters' Association for the information of Government, in considering the probable traffic of the railway. And I presume that Mr. Hawkshaw relied on these figures as correct, the amount of coffee traffic being estimated by the Planters' Association in 1859 at about 26,000 tons annually.

In 1863, in answer to another application from Government, it was roughly estimated by the same body at 30,000 tons, but in 1867 the Planters' Association again estimated it at 72,000 tons. But on my pointing out the inconsistency of this estimate, it was again reduced to 66,000 tons, and the mistake in the previous figures of 1863 admitted by the Chairman. The actual amount is really about 50,000 tons, or nearly double the first estimate.

So large a difference would naturally affect Mr. Hawkshaw's figures both for rolling stock and stations. Moreover, the cost of station materials, machinery, and rolling stock has of late years greatly increased, owing to the combination of Trades' Unions in England, and there has been a special increase in the cost of carriage and waggon stock, consequent on the very heavy demand for such work on the Indian Rail-

CEYLON. ways. And even since the first consignment of rolling stock was sent out in 1865 there has been a sensible increase in the cost of each kind of vehicle, as shown in the following comparison:—

Description of Vehicle.	Cost per Vehicle delivered in Colombo Roadstead.	
	1865.	1867.
2nd Class Carriages - - -	£ 344	£ 382
3rd " " - - -	261	286
Horse Boxes - - -	257	285
Carriage Trucks - - -	161	175
Passenger Brakes - - -	315	349
Goods Waggon - - -	151	168
Goods Brakes - - -	195	224
Engines - - -	2909	3217

I believe that Mr. Hawkshaw contemplated only the necessity for 15 engines, 56 coaching stock, and 200 goods stock. Whereas it was necessary for the first opening to have 21 engines, 56 coaching stock, and 276 goods stock; moreover, the proportion of covered to open waggon is unusually large on this railway, but necessarily so in consequence of the climate and conditions of traffic. The efforts made on the Indian railways to increase the proportion of covered waggon, shows that this necessity is making itself felt there also.

The expenditure on contingencies is considerably in excess of that in the original estimate which was small, being little more than 8 per cent. of the total. Whereas so large a work as the Ceylon Railway in a new country, the allowance for contingencies should have at least been 10 per cent.

No. 4.

No. 4.

COPY of a DESPATCH from The EARL GRANVILLE, K.G., to Governor Sir H. ROBINSON.

(No. 101.)

SIR, Downing Street, May 3, 1870.

I HAVE to acknowledge your Despatch, No. 75,* dated the 7th March last, submitting—in pursuance of the instructions given you in my Despatch, No. 50,† of the 18th March, 1869—a statement of what the total cost of the construction of the Ceylon Railway would probably have been, if the whole had been met out of borrowed capital, together with other information relating to the cost of the railway.

2. I propose to take steps for communicating to Parliament the leading papers on this subject of the cost of the Ceylon Railway; but before I do so I shall be glad to receive from you, in order that it may be added to the collection, a return of the traffic receipts and working expenses, under their leading heads (*i. e.* Goods and Passengers, as to receipts, establishments, repairs, stores, &c., as to expenses), as ascertained for each year since the first opening of the line, and as estimated for the present year.

It will be convenient if this return is furnished at an early date.

Governor Sir H. Robinson, I have, &c.,
&c. &c. &c. (Signed) GRANVILLE.

No. 5.

No. 5.

COPY of a DESPATCH from Governor Sir HERCULES ROBINSON, K.C.M.G., to The EARL GRANVILLE, K.G.

(No. 160.)

MY LORD, The Pavilion, Kandy, Ceylon, July 15, 1870.
(Received August 27, 1870.)

IN compliance with the instructions contained in your Lordship's Despatch, No. 101,* of the 3rd May last, I have the honour to forward a statement furnished by the Finance and Traffic Manager, showing the receipts and working expenses of the Ceylon Railway, from the first opening of the line, in 1865, to the end of 1869, and as estimated for the year 1870.

The Earl Granville, K.G., I have, &c.,
&c. &c. &c. (Signed) HERCULES ROBINSON.

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Enclosure in No. 5.

RECEIPTS.		1865.	1866.	1867.	1868.	1869.	Estimated for 1870.
		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Passengers, Parcels, Carriages, &c.		2,263 3 11	16,523 19 9	25,725 12 5	37,169 8 5	36,757 10 11	39,800 0 0
Merchandise and Live Stock		—	6,738 10 9	54,777 15 0	125,379 3 8	141,787 11 7	171,000 0 0
Miscellaneous		147 3 0	747 19 9	1,056 17 11	1,118 9 11	2,419 18 8	1,500 0 0
Total		2,710 6 11	24,010 10 3	81,560 5 4	163,667 2 0	180,965 1 2	212,300 0 0
WORKING EXPENSES.							
Maintenance		2,780 0 0	10,962 10 0	17,901 5 9	24,904 9 10	26,061 12 10	26,080 0 0
Locomotive Power		575 13 6	6,922 18 6	16,991 2 5	28,960 14 6	24,318 5 9	27,240 0 0
Repairs of Carriages and Waggon		—	566 9 9	1,435 13 6	3,101 9 7	5,310 2 10	5,930 0 0
Traffic Charges		766 15 2	5,120 5 0	7,318 11 7	10,463 13 5	10,494 17 5	11,000 0 0
Police		—	950 2 7	1,298 7 1	1,765 9 11	1,734 0 2	1,800 0 0
Electric Telegraph		—	—	556 2 11	1,206 14 8	1,068 13 11	1,150 0 0
General Charges		1,267 9 3	1,772 17 8	2,432 12 7	4,283 7 10	3,512 14 5	3,500 0 0
Total		5,339 17 11	26,295 3 6	47,933 15 10	74,685 19 9	72,500 7 4	76,700 0 0
Miles of Line Open (average)		31½	36½	57½	74½	74½	74½
Number of Passengers		16,443	124,096	156,187	180,984	181,720	197,000
Tonnage of Goods		Nil.	12,789	54,850	116,178	134,369	161,000
Train Miles Run		10,839	71,197	133,846	242,804	245,464	259,000
Receipts per Mile of Line Open		79L.	661L.	1,418L.	2,197L.	2,429L.	2,850L.
" Train Mile		5s.	6s. 9d.	12s. 2d.	13s. 6d.	14s. 9d.	16s. 5d.
Expenses per Train Mile		9s. 11d.	7s. 5d.	7s. 2d.	6s. 2d.	5s. 11d.	6s. 11d.
" per cent. of Receipts		Loss.	Loss.	58½	45½	40	36

Notes.—1865.	Open for Coaching Traffic only, Colombo to Ambepussa	-	2nd October	-	-	3½ miles.
1866.	Open for Goods Traffic, Colombo to Ambepussa	-	1st January.	-	-	
	Open to Polgahawella	-	1st November	-	-	4½ mil. s.
1867.	Open for Coaching Traffic to Kandy	-	1st August	-	-	7½ "
	" Goods " " (partially)	-	16th September.	-	-	
	" " " (wholly)	-	1st October.	-	-	

This Return includes only the Working Expenses proper and is exclusive of Expenditure for New Works, &c., although, in consequence of the Capital Account having been closed on the 31st December, 1867, this Expenditure was met from Revenue Receipts, and was as follows:—

		£	s.	d.
1868.	Additional Station and other accommodation	-	-	1 5
1869.	"	-	-	0 1
"	" Fastening for Strengthening Permanent Way	-	-	18 6
"	" Cost of Steel over Iron Rails—Government proportion	-	-	0 0
1870.	" Station and other accommodation (Estimated)	-	-	0 0

COLOMBO,
1st July, 1870.

(Signed) E. ROBINSON,
Finance and Traffic Manager.

LONDON:

PRINTED BY WILLIAM GLOWES AND SONS, STAMFORD STREET AND CHARING CROSS,
FOR HER MAJESTY'S STATIONERY OFFICE.

H O N G K O N G.

RETURN to an Address of the Honourable The House of Commons,
dated 10 March 1865;—for,

“COPY of all CORRESPONDENCE between the Colonial Office and the Authorities at *Hong Kong*, and also of the MEMORIAL of the Resident Community, with relative Reply, on the subject of the TAX, amounting to £.20,000 per annum, which Her Majesty's Government propose to levy on PROPERTY at *Hong Kong*, towards defraying the Expense of maintaining the GARRISON there.”

Colonial Office, }
24 April 1865. }

C. FORTESCUE.

(*Mr. William Leslie.*)

Ordered, by The House of Commons, to be Printed,
25 April 1865.

SCHEDULE.

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COPY of CORRESPONDENCE between the Secretary of State for the Colonies and
the Governor of *Hong Kong*, upon the subject of MILITARY CONTRIBUTION.

— No. 1. —

COPY of a LETTER from Sir *F. Rogers*, Bart., to Governor Sir *H. Robinson*.

Sir,

Downing-street, 25 April 1863.

You are probably aware that the attention of Her Majesty's Government has been much occupied, during the last two years, by a consideration of the important subject of Colonial Military expenditure, and that an inquiry was instituted by a Committee of the House of Commons whether the most wealthy and important colonies might not be called upon, with a due regard to justice and to their own interests, to defray a larger proportion of the cost of their military defence than they had hitherto done.

After a thorough examination of the subject, it was decided that those colonies which, as regards the cost of their military defence, were more particularly a burden to the Imperial Exchequer should (allowing of course that the state of their revenues was such as to justify the additional charge), be required considerably to increase their contributions towards that object.

In accordance with this decision, Ceylon, Mauritius, and the principal Australian Colonies, will be called upon to contribute more liberally towards the support of the several detachments of Her Majesty's troops which are maintained in those colonies, chiefly for the protection of colonial interests.

I make these few remarks, by the direction of the Duke of Newcastle, in order that you may be aware of what has already taken place in the matter, and for the purpose of bringing to your notice the fact that colonies which have never to any great extent involved a heavy charge on the Imperial Treasury, excepting as regards a portion of the cost for their defence, will now be desired partly to relieve the revenues of this country by making additional contributions in aid of their military protection.

Under these circumstances it is not to be expected that a rich and flourishing colony like Hong Kong should any longer be allowed an immunity from such charges, on this account, as it may justly be called upon to bear. But before taking any definite action in the matter, his Grace would be glad to be favoured with any remarks which you may have to make, and with this view, and in order that you may be the more easily enabled to furnish any suggestions which may occur to you, it will be necessary that I should briefly review the past and present financial state of the colony.

It would appear, from an examination of all the data bearing on the subject, that, during the first 14 years of its existence as a colony, Hong Kong cost the Imperial Exchequer no less a sum than 273,000*l.* for its civil establishment, exclusive of any sum spent during that period on account of the military and naval protection of the colony. This very large expense to the mother country, even if the colonial revenues were in a far less flourishing condition than they are at present, would of itself be sufficient to impose on the colony the obligation of a substantial contribution from local funds towards the cost of the military defence of local interests. From the official documents in this department, it has also been ascertained that the colony became self-supporting, so far as its civil establishments were concerned, in 1859, and that Imperial aid was then withdrawn. It also appears that in that year 15,000*l.* was expended on public

No. 1.
Sir *F. Rogers*, Bart.
to Governor Sir *H.*
Robinson.
25 April 1863.

works, roads, &c. The revenue and expenditure for the three following years have been as follows:—

					REVENUE.	EXPENDITURE.
					£.	£.
1860	-	-	-	-	94,182	72,390
1861	-	-	-	-	127,241	109,632
1862	-	-	-	-	131,512	122,423

And the estimated revenue and expenditure for 1863:

							£.
Revenue	-	-	-	-	-	-	118,512
Expenditure	-	-	-	-	-	-	125,000

From these figures it will be seen that the average surplus revenue over expenditure during 1860-2 was more than 15,000*l.* per annum, and during that period the large sum of 106,465*l.* has been expended on public works, in which are included repairs to roads, streets, and bridges. I am also to observe that in the Estimates of 1863, a sum of 42,200*l.* has been set aside for objects of that nature.

The Duke of Newcastle has directed me to bring to your notice these charges on account of public works, because, although there is no better way of disposing of surplus revenue than on works of public utility, the amount of that expenditure is in a great degree regulated by the amount of surplus revenue of which it in some degree thus furnishes a measure. I am also to remark that the amount of assets over liabilities on the 31st December last was 98,549*l.*, and that even after the large expenditure for 1863 (supposing the estimate to be correct), the assets will be on the 31st December next 90,000*l.*

Looking to the large additions which have been made within the last three years to the several departments, amongst which are included the Post Office, the Judicial Establishment, and the Police Department, his Grace anticipates that no further additions can possibly be necessary at present, and that the existing establishments will be able to bear the work required of them for some time to come, or at any rate that increased expenditure will only be called for by increased prosperity, which will furnish the means of meeting it.

I am to add that the Duke of Newcastle has not lost sight of the statement contained in your Despatch, transmitting the half-yearly returns of land sales to the 30th June last, that all the available sites for building within reasonable distance of Victoria had been disposed of. For this reason it may be expected that for the future there will be a falling off in the land revenue, under the head of land sales, as compared with former years, until the question connected with the acquisition of Kowloon has been finally disposed of, and the local Government has thus been enabled to put up lots for public competition. But the probable falling off in the land revenue does not affect the fact that the general financial position of Hong Kong is, and is likely to remain, in a highly sound and prosperous state, and the actual revenue having been, in 1862, 41,000*l.* above the amount estimated for that year, while in 1863 the estimated revenue is at least 27,000*l.* above the estimated amount for 1862. Notwithstanding the large surplus revenue which has been available during the last three or four years, Hong Kong has never contributed anything towards her military defence either in the shape of pay, allowances, or barracks, and the charge on Imperial revenues for these services has been considerable both during that period, and for several previous years.

It would appear that the number of men stationed in Hong Kong in the years 1853,

1853, 1854, 1855, and 1856, and the total cost of their maintenance was as follows :—

	MEN.	COST.
		£.
In 1853 - - -	969	97,841
„ 1854 - - -	628	63,209
„ 1855 - - -	541	54,625
„ 1856 - - -	651	65,731

During subsequent years, owing to the war in China, the charges on this account have been considerably increased, and it has been found practically impossible to arrive at an approximate estimate of the cost for the force which it was found necessary to maintain in Hong Kong for garrison duty. It is contemplated now that the force to be permanently stationed in the colony shall be about 1,000 strong, including artillery, and the question simply resolves itself into the proportion of the cost for these troops which the colonial revenue is able to bear.

The actual cost, judging from analogy, may be stated at about 100,000 £., an amount which will probably be subject to some slight reduction whenever it shall have become expedient to abolish the Indian scale of allowances.

It may confidently be expected that, exclusive of the large balance in hand, which at the commencement of the year was stated to be about 98,000 £., a surplus revenue ranging between 30,000 £. and 40,000 £. per annum may be reckoned upon in future years, and Her Majesty's Government while fully admitting the probability that the garrison of Hong Kong will be in part maintained for Imperial purposes (which purposes, however, are closely connected with the prosperity of the colony), consider that it would be only just and reasonable that for the next five years Hong Kong should contribute 20,000 £. per annum towards the military protection which it undoubtedly requires for the security of its European inhabitants. At the expiration of that time the amount will be subject to any revision which the altered circumstances of the colony may require.

I am to observe that in considering the amount which Hong Kong should be called upon to contribute, the Duke of Newcastle was of opinion that the question should be decided more with reference to the amount of revenue available, than according to any capitation rate which would be inapplicable to the circumstances of the colony. And I am to add that, in fixing that amount at 20,000 £. per annum, his Grace has been actuated by the desire not to press too heavily at first on the colonial revenues, and thus possibly to retard works of public utility, for which, arguing on the calculations which have been made, a sum of 15,000 £. or 20,000 £. per annum would still be available, besides the large balance in hand, which would appear to be specially applicable to works of that nature.

I am, &c.
(signed) *Frederic Rogers.*

— No. 2. —

COPY of a LETTER from Governor Sir *H. Robinson* to Sir *F. Rogers*, Bart.

Sir,
I HAVE to acknowledge the receipt of your Despatch dated the 25th ultimo, in which you inform me that the Duke of Newcastle is of opinion that it is not to be expected that a rich and a flourishing colony like Hong Kong should any longer be allowed an immunity from such a contribution towards the support of the troops stationed there as it may justly be called upon to bear; and that his

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Grace

No. 2.
Governor Sir *H.*
Robinson to Sir *F.*
Rogers, Bart.
21 May 1863.

Grace has fixed that contribution at 20,000 *l.* per annum for the next five years; but that, before taking any action in the matter, he would wish to be furnished with any remarks which I may have to make.

2. The question appears to me to resolve itself into two considerations, (1) the ability of the colony to meet any such charge as that proposed, and (2) the justice of calling upon it to do so.

3. I observe that the ability of the colony to defray a portion of the military expenditure, on account of the troops stationed there, is based in your letter upon the assumptions that a surplus revenue, ranging between 30,000 *l.* and 40,000 *l.*, may be reckoned upon in future years, which would leave, after payment of the contribution proposed, a sum of 15,000 *l.* or 20,000 *l.* per annum available for works of public utility, besides the balance in hand, which is estimated by you as likely to be, on the 31st December next, 90,000 *l.*

4. I am afraid these calculations are altogether fallacious. The permanent revenue of the colony at present, excluding the item of premium on land sales, can only be reckoned at about 105,000 *l.*

In 1859 the Permanent Revenue was	-	-	-	£. 63,732
and Premiums	-	-	-	1,493
Making a Total of	-	-	-	£. 65,225
In 1860: Permanent Revenue	-	-	-	£. 75,069
Premiums	-	-	-	19,113
Total	-	-	-	£. 94,182
In 1861: Permanent Revenue	-	-	-	£. 88,381
Premiums	-	-	-	38,860
Total	-	-	-	£. 127,241
In 1862: Permanent Revenue	-	-	-	£. 101,929
Premiums	-	-	-	29,583
Total	-	-	-	£. 131,512
For the current year the Revenue is estimated at :				
Permanent Revenue	-	-	-	£. 103,000
Premiums	-	-	-	15,000
Total	-	-	-	£. 118,000

but I am not aware that any land sales have taken place, or are likely to take place, this year, as, since the date of the preparation of the Estimates, the Surveyor General has reported the sale of the last lot within reasonable distance from Victoria, on the Hong Kong side of the harbour, to have taken place, so that no receipts under the head of premiums can be anticipated for this year; and after carefully going over, and straining to the utmost, every item of revenue in the Estimates for the present year, and comparing them with the actual receipts for last year, now known, I cannot, after adding 2,000 *l.* to the item of postages, which appears underrated, make out a larger probable fixed revenue than 105,000 *l.*

5. I have not overlooked the fact that the increase in what I have termed the *permanent* revenue, has been at the rate of about 12,000 *l.* per annum for the last four years, but this has arisen in a great measure from exceptional causes which no longer exist. The increase in the "rents" ceases with the sales. The opium monopoly has, for the present, I think, almost reached its limits. The police rates are limited by law to the police expenditure, which was fixed last year by Ordinance upon a new and extended basis, which will not require immediate alteration. And the postal receipts, an item but recently brought to account, is more a nominal than a real increase, being caused by the transfer to the colony of the local post office, which brings, with an increase in the revenue, the expenses of a large establishment.

6. In estimating the permanent revenue, I have not taken into account the possible sale of lands in Kowloon, as, even if the questions connected with the appropriation of that peninsula are settled in a way more favourable to the colony than

than at present appears probable, the acquisition could not be made remunerative for several years. If the Government sells land there, a concurrent outlay must be made for police stations and other Government buildings, piers, roads, streets, bridges, and drains, which will exceed any sums that can possibly be received for premium on land sales for some years; but which must nevertheless be undertaken by Government, if the land is to be sold at all. I therefore leave Kowloon out of both sides of the present calculation.

7. And here I may notice an error into which I think you have fallen in your letter upon the subject of public works, and which appears to me to spring from a want of appreciation of the exceptional character of Hong Kong. You state that the Duke of Newcastle has directed you to bring to my notice the large expenditure which has taken place during 1860-2 on public works, "because although there is no better way of disposing of surplus revenue than on works of public utility, the amount of that expenditure is, in a great degree, regulated by the amount of surplus revenue, of which it in some degree thus furnishes a measure;" in other words, I apprehend, that public works are undertaken because there is a surplus, which however, if necessary, would be available for other purposes. This may be the case in a great measure in colonies which have been long established, and in which the development of population and wealth is gradual; but it is not so in Hong Kong. There the population has nearly doubled in four years; and although this increase has brought, no doubt, an *annual* addition to the revenue, it has necessarily involved a large and immediate *capital* outlay in public works. If British institutions are not to fall into disrepute, the enlargement of gaols, courts of justice, police, and consequently police stations, hospitals, schools, markets, and other Government establishments, must keep pace with the growth of the population. Such outlay is not, therefore, as your argument assumes, optional; and, large as it has been in Hong Kong of late, I do not hesitate to state that it has not been as large as it should have been, solely in consequence of the inability of the Surveyor General's Department, although largely reinforced, to get through the additions as fast as they have been required. Again, an increase in the population leads to an increase in sales of land; and consequently to a large addition under the head of premiums. But sales of land render it necessary for the Government to undertake roads, streets, bridges, general drainage, public piers, and other works, without which the land either would not sell, or would produce comparatively nothing. So far then from the recent expenditure on public works furnishing any measure in Hong Kong of the real available surplus, I think without such expenditure there would have been no surplus; and good government, the condition upon which the increase in the population rests, would have been impossible.

8. Taking then the present and probable future revenue of the colony for some little time at 105,000*l.*, I find that the fixed ordinary expenditure, without the outlay of one shilling upon public works, amounts at present to 85,000*l.* In May last, when the Estimates for 1863 were under consideration, the ordinary expenditure was put down at 82,500*l.* Since then, there have been some additions to gaols, and other establishments, which will make the actual ordinary expenditure, as approved of by the Secretary of State, not less than the sum I have named of 85,000*l.*, and this leaves but an annual surplus of permanent revenue over ordinary expenditure of 20,000*l.*—a sum barely sufficient, in my opinion, without the commencement of a new public work of any description, to maintain the existing ones in serviceable repair. This will be readily understood by any one acquainted with the peculiarities of Hong Kong, and the extent of the public works. In no place that I know of do buildings require such constant repair, and become so soon ruinous if neglected. The town is situated within the tropics, and is built on the face of a steep mountain, at an angle of about 40 degrees. It has a sea wall and road extending along its face for nearly four miles. No human foresight or precaution can guard against the casualties which, under such conditions, accompany typhoons and mountain torrents. I have known seven inches of rain fall in one night, bringing down floods and rocks from the mountain overhead, which destroyed main drains and culverts, converted the principal thoroughfares into impassable ravines, and otherwise did damage estimated at 5,000*l.*

9. There remains, therefore, to be considered, with respect to the ability of the colony to meet the contribution demanded of it, only the balance in hand, which it is estimated in your Despatch will be, on the 31st December next, 90,000*l.*

10. In the financial Estimate for this year, which will be found on the first page of the Estimates for 1863, it will be seen that I estimated the excess of assets over liabilities, at the close of the year, at 75,000*l.* I think this sum should rather be reduced than increased. I am aware that the excess of assets over liabilities, at the commencement of the present year, was 16,000*l.* in excess of my estimate, but this was caused almost altogether by the unexpected produce of the last land sales in 1862, and by arrears of superannuation contributions not calculated on, and this excess will be covered by the corresponding abatement, to which I have already referred, in the probable revenue of the present year.

11. The estimate, as corrected by subsequent experience, stands thus:—

		£.
Excess of Assets over Liabilities on 1st January 1863	-	98,000
Probable Revenue 1863	- - - - -	105,000
		£. 203,000
Expenditure, 1863.		£.
Ordinary -	- - - - -	85,000
Public Works -	- - - - -	45,000
		130,000
Probable Excess of Assets over Liabilities on 1st January		
1864 - - - - -	- - - - -	£. 73,000

From revenue, I have deducted 15,000*l.* for premiums, and added 2,000*l.* to postages. To ordinary expenditure I have added 2,500*l.*, as explained before, and to public works 2,500*l.*, to cover the cost of purchasing and fitting out a convict hulk not estimated for. If the result is found to differ much in the way of excess from this amended estimate, it can only be by the inability to expend, within the year, some of the money voted for public works, which will only have to be expended next year, and will make no real difference in the statement.

12. From the nominal excess, however, of assets over liabilities it must always be borne in mind that a considerable abatement must be made to arrive at the actual available surplus at any moment, because the revenue accrues due half-yearly, while the debts of the colony are paid monthly, so that there is always far more due to the colony than it owes. Thus I find, that while on the 1st of January last the excess of assets over liabilities was estimated at 98,549*l.*, the actual cash on hand, including the current balances in hands of treasurer and agents general, amounted only to 83,841*l.* In the same way a nominal excess of assets over liabilities of 73,000*l.*, at the end of this year, would represent but a cash balance of about 58,000*l.*; the whole of which sum even would not be available for disposal, as small balances must be retained in the Treasury in Hong Kong, and in the Crown Colonies' Office in London, besides a stock of the subsidiary coinage for issue to the public as required.

13. Against this real available balance of between 50,000*l.* and 60,000*l.*, which is likely to be found at the end of the year, the following engagements will be outstanding:—

1. The new convict settlement on Stone Cutters' Island, and the new Central Police Station in Victoria, the completion and fittings of which will cost at the least 15,000*l.* over and above all sums now voted.

2. The Kowloon compensations, assessed by Her Majesty's Commissioners under treaty at \$ 133,000 or about 27,708*l.*, exclusive of the valuation of four large villages not yet assessed. The whole of this may not have to be paid by the colony, as lands may be re-granted instead of bought, and the naval and military services will have to pay a portion. But a considerable payment will have to be made by the colony, probably not less than 10,000*l.*, or 15,000*l.* in addition to the 2,000*l.* entered on the Votes of this year.

3. And, lastly, the establishment of a mint, the plant and machinery for which, judging by the cost of the Sydney Mint, would probably come to 18,000*l.*, exclusive of buildings, which would, perhaps, amount at the least to 10,000*l.* more.

Items 1 and 2 are unavoidable, and must be met; but the establishment of a mint might no doubt be postponed, if necessary, to a more urgent claim, but if would be, I consider, a very injudicious policy to do so, looking even at the interests

interests of the Imperial Government alone, for the annual saving which the mint will effect to the Imperial Exchequer on the item of "loss by exchange," will probably far exceed the largest contribution which, under any circumstances, could be drawn from the Colony in aid of military expenditure.

14. I have now carefully gone over the actual present financial position of the Colony, and reviewed its prospects, as far as they can be conjectured from existing facts, and have shown that the revenue is barely equal to the ordinary expenditure, and the maintenance in repair of the existing public works. I have shown also that the surplus in hand is already fully appropriated, either for undertakings absolutely indispensable, or urgently desired; and I submit, therefore, that the Colony is not in a position, consistently with a sound financial policy, to meet any such payment as that proposed by his Grace the Duke of Newcastle. Indeed, it could only be made at all by the substitution of it for some of the items of expenditure which I have detailed; and I respectfully submit that, even assuming for the sake of argument the justice of calling on Hong Kong for such contribution, it is premature to do so. The Colony has been self-supporting only for the last four years, up to which time it was dependent on Parliamentary aid. During that period of depression all the establishments were kept almost below the scale necessary for efficiency, whilst public reforms were postponed, and public works allowed to fall into decay. A sudden reaction of prosperity brought with it the necessity for a corresponding outlay; and whilst everything is still in a state of transition, and before former short-comings are fully made good, it would indeed be a pity if a demand were enforced which must either interfere with the development of the Colony, or plunge it once more into financial embarrassments.

Revenue	-	-	£.	105,000
Ordinary Expenditure	-	-	£. 85,000	
Repairs to Public Works	-	-	20,000	
				105,000

15. I am unable, however, to concur with his Grace as to the justice of requiring the Colony, even if able, to contribute towards the expenses of the troops stationed there. Hong Kong is altogether an exceptional case, and bears no analogy to such great producing plantations as "Ceylon, Mauritius, and the principal Australian Colonies," which you inform me are "to be called upon to contribute more liberally towards the support of Her Majesty's troops, which are maintained in those Colonies chiefly for the protection of colonial interests." The troops in Hong Kong are stationed there for national, and not for colonial objects. They are not, in my opinion, necessary for the protection of any mere colonial trade or interests, or, as is assumed in your Despatch as an undoubted fact, "for the security of its European inhabitants." The large local police force, which has lately been remodelled at a very heavy expense, about 24,000 *l.* per annum, and placed upon a military footing, together with the Volunteer Artillery, recently established, would, I consider, be sufficient under any conceivable circumstances for the maintenance of internal order without recourse to Her Majesty's troops. The Europeans all live together, and the population is well in hand, being collected within a radius of about two miles. The Chinese population are unarmed, and though addicted to thieving and petty crimes, are not given to *émeutes*, and have now a large stake in the Colony. The national characteristic of the people too is a love of order and quiet, and a submission to the powers that be, except under long and unendurable provocation. There are further, at all times, from one to two hundred foreign merchant ships, partially armed, lying at anchor off the town; and the harbour being the head quarters of a large naval station, and having a dockyard and docks, is never likely to be totally denuded of men-of-war. These considerations enable me confidently to assert, that the presence of Her Majesty's troops in Hong Kong is not necessary for the security of its European inhabitants, or for the protection of colonial interests.

16. Her Majesty's troops are stationed in Hong Kong I imagine because England's share in the foreign trade of China is estimated at over 30,000,000 *l.* sterling; because this trade is carried on mostly in British vessels from the open ports in China, at each of which we have British settlements and British subjects for whom we claim exemption from territorial jurisdiction; because in the management of this vast trade, and in the government of our own subjects scattered along the whole length of the seaboard of China in the foreign settlements, now 14 in number, we are necessarily brought into constant intercourse with the Chinese Government, and there can be no doubt that the presence of a small body of troops somewhere nearer China than India has an excellent effect in averting difficulties, while they form a basis for operations, if misunderstandings should unfortunately arise. Such being the case, the only place in the China

Seas where our troops can be permanently stationed is Her Majesty's Colony of Hong Kong.

17. The connection of the Colony of Hong Kong with this foreign trade is very slight and remote. The buyers and sellers do not reside there. The trade is carried on outside it. The Colony produces nothing itself, and the produce exported from China never touches its shores. The tea and silk are all bought and shipped at the open ports, to which markets also the great bulk of the imports is consigned direct. The connection of Hong Kong with this great trade consists chiefly in the fact that a certain number of the heads of the China houses and banks elect to live in Hong Kong as a convenient centre from whence to direct the operations of their establishments scattered throughout China. It is useful as a spot from whence as it were all the wires can be pulled; but for one British subject residing in Hong Kong there are scores residing in the country where the actual trade is carried on. It is at this moment a very doubtful question whether, in consequence of the destruction of the Canton trade, Shanghai would not be a more convenient directing centre for the foreign trade than Hong Kong, and already some of the large houses have moved there; and I cannot well conceive a policy more likely to drive them all there than to place the residents in Hong Kong under contributions for national objects from which those residing in the open ports in China are free. It would be placing Hong Kong at a most unfair disadvantage, and might just turn the scale which is at present hanging in the balance.

18. The Chinese traffic of the Colony, it must be remembered, is quite distinct from the foreign trade; and it is the Chinese who have made Hong Kong what it is, and not its connection with the foreign trade. The Chinese have flocked to the Colony for the advantage which it offers of a quiet and secure government—than which a Chinaman values nothing more, and for this they have been made to pay. They constitute 98 per cent. of the population, and probably contribute nearly a similar proportion of the revenue. They have made the Colony the centre of a large local coasting trade—a depot at which the produce of the North and South, destined for consumption in China, changes hands. And although this is a trade which enriches the Colony, it is one in which no national interest is concerned, while the chief profit derived by the Colony from the foreign trade (which is an object of national interest, and for the protection of which troops are maintained in China), consists in the mere personal expenditure of those connected with that trade who use the Colony, as already observed, as a directing centre for their operations outside it. I conceive, therefore, I am justified in asserting that the troops stationed in Hong Kong are maintained there for national as distinguished from colonial objects, and that with those national objects the Colony has but an insignificant connection compared with that of the British settlements at the open ports in China, which can never be called upon for any contribution similar to that now asked from Hong Kong.

19. I am far from denying that the Colony derives several indirect advantages from being the spot selected as a military station. The garrison forms an agreeable addition to the society of the place, while the troops add to its prestige and importance, and lead to a considerable expenditure. But if Her Majesty's troops are there as a matter of convenience to the mother country, and to the maintenance of national objects, and not for the protection of the Colony, I do not see that the Colony can justly be called on to contribute to their support, simply because it profits by their presence; or at all events I do not see how in common fairness it could be refused the option of doing without them. It is one thing to take with thankfulness and to profit by what you can get for nothing, and another to pay an exorbitant price for what, although acceptable, is not indispensably necessary.

20. I am aware it may be said, "Oh, it is well known the troops cannot be withdrawn, and so the threat to do so would be a mere *brutum fulmen*." But I would answer that if they cannot be withdrawn, it is because they are indispensable for Imperial purposes, for that, as far as the Colony is concerned, I think they might safely be removed; and I can only say in support of my opinion, that I am prepared to undertake the responsibility of maintaining law and order in the Colony without troops, if Her Majesty's Government should think it unnecessary to retain them for any other object; and I go further and assert most confidently, that it would unquestionably be more to the advantage of the Colony that they should

should be withdrawn, than that any such contribution as that fixed by the Duke of Newcastle should be enforced. His Grace proposes that the Colony should pay in aid of the maintenance of 1,000 men in total idleness, as far as the Colony is concerned, a sum equal to 20*l.* per man, or 20,000*l.* per annum, to be raised to a higher rate on a future occasion. If the troops were withdrawn, and supposing even the existing local forces were found insufficient, which I think myself unlikely, the contribution named would pay for an addition of 600 men and officers to the local police force who could be at all times employed in the service of the Colony. I am anxious to press this point as to the troops being unnecessary for the security of the European inhabitants as forcibly as I can upon the Duke of Newcastle's consideration, because upon it depends the justice or injustice of his Grace's proposal; and, if my opinion is not thought conclusive, I would suggest that those of the Executive Council, the judges, the magistrates, the officers of police, and the chamber of commerce, should also be taken upon the subject.

21. I have not overlooked the argument used by you in the 6th paragraph of your Despatch, that Hong Kong cost the Imperial Exchequer no less a sum than 273,000*l.* for its civil establishment during the first 14 years of its existence as a Colony, and that this large expense to the mother country would of itself be sufficient to impose on the Colony the obligation of a substantial contribution from local funds towards the cost of the military defence of local interests. I entirely admit the justice of calling on all Colonies to contribute, as far as they can, towards the cost of the military defence of local interests; but, as I have before explained, I do not consider Her Majesty's troops are stationed in Hong Kong for any such object; and the cost to the mother country of establishing the Colony imposes no obligation on the latter to meet a payment now which is not justly due. Besides, it must be remembered, that the Colony was established, not for purposes of colonisation, or for the advantage of future colonists, but solely because it was considered it would be a convenience to the mother country on political and military grounds, as well as a useful adjunct to the China trade—and the value of the Colony as a political and military position has been abundantly proved by the result. I believe the position of Hong Kong, with its naval and military establishments, small although they were as a basis for assembling and organising the last expedition, alone saved the Government far more than the sum named by you as the cost to the mother country of nursing the Colony through its first years of infancy. This will be easily understood by any one who watched the proceedings of our allies, who had no permanent establishments nearer than Marseilles, and who made that the base of their operations, and attempted to organise there their expeditionary force, and to despatch it direct and complete from thence to the scene of its intended operations.

22. The exceptional character of Hong Kong as a watch tower keeping guard, as it were, over national interests, with which it has only but a slight and remote connection, has been fully admitted by high authorities who have looked into the subject.

In 1847 a Committee of the House of Commons reported:—

"Nor do we think it right that the burden of maintaining that which is rather a post for general influence and the protection of the general trade in the China Seas than a Colony in the ordinary sense should be thrown in any great degree on the merchants or other persons who may be resident upon it." This opinion had reference to the cost of maintaining the *Civil Government*,—how much more forcibly then would the reasoning have applied to the maintenance of the actual garrison itself.

Report on "Commercial Relations with China," 1847.

I find, too, in the "Report of the Committee on Expense of Military Defences in the Colonies" (1860), that Hong Kong, although not specifically named, is evidently by the context included amongst the "military posts in which garrisons are maintained for objects altogether independent of, and distinct from, the defence of the particular countries in which they are situated;" and the Committee were of opinion "that as these garrisons are maintained without reference to the wants and wishes of the inhabitants, they should be dealt with exceptionally, and not included in any general scheme of colonial contribution."

War Office, 27 April 1860.

Mr. Elliot, in dissenting from this opinion, and contending that as regards military posts "there would be no injustice in accepting a contribution from such of these places as contain prosperous communities so long as the amount falls short of the cost of the number of the troops which they would require for their own purposes," proceeds, when dealing specifically with the case of Hong

Kong,

Kong, to observe that he supposes the garrison there "will always be within the limit of the amount deemed indispensable for general national objects."

I entirely agree with Mr. Elliot that even a military post maintained for Imperial purposes, "may fairly be asked to contribute, if able, a moderate quota towards the expense of troops which are indispensable to its internal security," but I have already explained (1) that in my opinion the troops are not indispensable for the security of Hong Kong, and (2) that even if this opinion should be erroneous, the quota asked is the reverse of moderate.

Report, "Colonial
Military Expendi-
ture," 1861.

And, lastly, I find the Select Committee of the House of Commons on Colonial Military Expenditure (1861) have included Hong Kong in the class of "Military Garrisons, Naval Stations, Convict Depôts, maintained chiefly for objects of Imperial Policy"—"the responsibility and main cost of the defence of which properly devolve on the Imperial Government."

23. But while for the reasons I have given I do not think Hong Kong can with justice be called on for the contribution demanded, there is an expenditure borne at present by the Imperial Government which is unquestionably for colonial purposes, and which I have always intended to recommend should be assumed by the Colony as soon as ever it is in a position to do so. I allude to the police of the Hong Kong waters, and the approaches to them—a duty which so far as it is performed at all at present falls entirely on the Imperial Government. Pirates literally swarm amongst the islands, creeks, and rivers in the neighbourhood, and prey, to an extent which would scarcely be credited, upon the local traffic of the Colony, conducted by Chinese in Chinese craft. Lately they have become so bold that most daring and successful attacks have been made, even upon British and foreign vessels, within sight of the harbour. All our daily supplies are water borne, and I was assured, shortly before leaving the Colony, that a species of black mail was levied upon all the supplies from the mainland. The Admiral on the station has always given what assistance he could, consistently with the other demands upon him, to check this evil, of which he has been fully aware, and after each report of piracy a gunboat is generally sent to cruise about for some days; and one I observe is now stationed off Stone Cutters' Island entirely for local purposes. But some more regular and systematic service is required to suppress altogether this great and growing evil, and I consider that for some years one or perhaps even two gunboats should be kept constantly cruising about the Macao Passage, the mouth of the Canton River, the Capsingmoon and Lyemmoon Passages, and the more immediate waters of the Colony. I would earnestly recommend, therefore, that as soon as ever the Colony is in a position to meet the expense, it be allowed to fit out and man one or more gunboats for this service, and that the Imperial Government be relieved altogether of the charge of the police of the Hong Kong waters, a duty strictly colonial, but which, even in the inefficient way in which it is necessarily performed at present, is a considerable charge upon the Imperial exchequer.

24. I have only to add, that if the Colony undertakes the preservation of internal order and security, as well as the police of its own waters, and the Imperial Government reduce the garrison "within the limit of the amount deemed indispensable for general national objects," there will exist no fair grounds, that I can see, for asking for any contribution from the Colony in aid of Imperial military expenditure in China.

Mr Elliot.

Sir F. Rogers, Bart.,
&c. &c. &c.

I have, &c.
(signed) *Hercules G. R. Robinson.*

P.S.—Since writing the foregoing, the China mail has come in, from which I extract two items of intelligence bearing on the topics referred to in this letter. Exchange at Hong Kong has, in consequence of the scarcity of Mexican dollars, risen to 5s. - $\frac{1}{2}$ d., in other words, Mexican dollars issued by the Imperial Government in payment of naval, military, consular, and diplomatic services at 4s. 2d., cost in Hong Kong 5s. - $\frac{1}{2}$ d., thus involving a loss of 21 per cent., at least 12 per cent. of which would be saved by a mint in Hong Kong. I annex also a notice from a Hong Kong daily paper, of a case of piracy outside the harbour, and may mention that four or five such reports often appear weekly in the police reports.

(signed) *H. G. R. R.*

Enclosure in No. 2.

PIRACY OUTSIDE THE HARBOUR.

The following is from the "Daily Press" of this morning:—

On Sunday evening a Chinese passage-boat coming from Chungchow to Hong Kong, having a crew and passengers numbering 10 in all, was attacked by a piratical hakka-boat outside Green Island, and after a sharp contest, in which four persons in the passage-boat were killed and three wounded, the piratical craft made off towards the Cap-suy-moon. It appears that the passage-boat had observed the hakka-boat bearing down upon them, but they anticipated no attack until they were hailed to stop. Discovering the nature of their visitor, the crew got up their arms, which consisted of four old muskets and some swords, and kept on their course with a light wind, when the other boat fired into them a charge of musketry. The fire was returned, all the passengers assisting in defending the vessel; and after a contest described to have continued for nearly an hour, the piratical craft made off, and the other boat kept on and anchored about 9 o'clock at the Salt Fish Lans, Symoon.

Enclosure in
No. 2.

Mr. Sherman, bailiff of the Supreme Court, was returning from Aberdeen on Sunday evening, and when between Pokfoolum and Mount Davis on the Aberdeen-road, he had his attention called by a Chinaman who was looking on, at sharp musketry firing going on about 200 yards from the shore—two boats firing into each other. There were other Europeans with him, and they watched the fight for about 10 minutes; then the hakka-boat made off towards the Cap-suy-moon, and the other boat towards Hong Kong. The boats were very near together, about 10 yards apart only, during the time he saw them. He did not see the first of the firing.

Through the negligence of somebody, the matter was not brought to the notice of the proper authorities so soon as it should have been. The wounded men were conveyed to hospital, we believe not till the following day, as the Colonial surgeon stated that he knew nothing of it till 2 o'clock on Monday afternoon, when amputation of some of the limbs became necessary in the case of one or two of the wounded men.

An inquest was held yesterday at noon at the Coroner's, and a verdict of wilful murder returned against some persons unknown.

At the inquest the owner of the passage-boat, who escaped personal injury, was asked if he had ever paid any "squeeze-money," or if he had reason to anticipate an attack through refusing to pay such. He replied that passage-boats and salt-fish boats from Chungchow paid no such, nor was anything demanded in extortion from this class of boats, to his knowledge.

— No. 3. —

(No. 115.)

COPY of a DESPATCH from the Duke of Newcastle, K.G., to the Acting Governor of Hong Kong.

No. 3.
Duke of New-
castle, K.G., to the
Acting Governor
of Hong Kong.
5 September 1863.

Sir,

Downing-street, 5 September 1863.

You are probably aware that the attention of Her Majesty's Government has been much occupied during the last two years by the important subject of Colonial Military Expenditure, and that a Committee of the House of Commons was charged with the enquiry whether the more wealthy and important of our Colonies might not be properly called upon to defray an increased proportion of the cost of their military defence.

After a thorough examination of the subject, it was decided that this ought to be done; and, in accordance with this decision, Ceylon, Mauritius, and the principal Australian Colonies have been, or will shortly be, called upon to contribute more largely towards the support of the several detachments of Her Majesty's troops which are maintained in those Colonies.

If this call is made upon Colonies of which some have not for a long period, and some have never imposed any sensible charge on the Imperial Treasury on account of their civil expenses, it is not to be supposed that a Colony like Hong Kong, of which the Civil Establishment alone in the first 14 years of its existence cost the mother country no less than 273,000 £, should be allowed to escape any longer the duty of aiding in its own defence, except on grounds of plain necessity.

But it is evident that the plea of necessity no longer exists. It appears that

the revenue and expenditure for the three years, 1860, 1861 and 1862, have been as follows :—

					REVENUE.	EXPENDITURE.
					£.	£.
1860	-	-	-	-	94,182	72,390
1861	-	-	-	-	127,241	109,632
1862	-	-	-	-	131,512	122,423

that the excess of assets over liabilities, on the 31st December 1862, was 98,549*l.*, and that the estimated revenue and expenditure for 1863 were—

					£.
Revenue	-	-	-	-	118,512
Expenditure	-	-	-	-	125,000

The average surplus revenue over expenditure during 1860–2 was, therefore, more than 15,000*l.* per annum. Meanwhile no less than 106,465*l.* (or about 35,000*l.* a year) has been expended on public works (including, I admit, the necessary repairs to roads, streets, and bridges), and I observe that, in the Estimates of 1863, a sum of 42,200*l.* has been set aside for objects of that nature.

I notice these charges because, although there is no more legitimate expenditure than that on works of public utility, the amount of that expenditure is in a great degree regulated by the amount of surplus revenue, of which it in some degree thus furnishes a measure.

I further observe, that this prosperous state of the revenue has been coincident with a large and general increase in the expense of public departments, an increase which entitles me to assume that the existing establishments will be able, at their existing salaries, to perform the work required of them for some time to come, or at any rate that increased expenditure will only be called for by increased prosperity, which will furnish the means of meeting it. Although, therefore, I am aware that the receipts from land sales may be expected to fall off, I think it undeniable that the general financial position of Hong Kong is, and is likely to remain, in a highly sound and prosperous state; I can hardly doubt that, exclusive of the balance in hand, amounting as I have said to 98,000*l.*, there will be an annual sum of 30,000*l.* or 40,000*l.* available for public works, and what may be called extraordinary purposes. This sum will be obtained by the existing taxes in a Colony of which the inhabitants pay no import duties. Under these circumstances, I cannot think that Hong Kong is incapable of contributing towards her military defence, of which the average cost to the Imperial Government, during the four years preceding the China war, was about 70,000*l.*

It is contemplated now that the force to be permanently stationed in the Colony shall be about 1,000 strong including artillery, and although Her Majesty's Government fully admit the probability that the Imperial force in Hong Kong will be in part maintained for Imperial purposes (which purposes, however, are closely connected with the prosperity of the Colony), they cannot doubt that the force, or a large part of it, is also required for the security of the Colony, and for the service thus rendered they think it but reasonable that Hong Kong should now pay an equivalent. That payment may, in my opinion, be properly fixed at 20,000*l.* per annum for five years, commencing on the 1st of January 1865. At the expiration of these five years the amount will be subject to any revision which the altered circumstances of the Colony may require.

It had been my intention that this contribution should have come into operation from the 1st of January 1864, but bearing in mind that the Council may possibly have had under their consideration the Estimates of Revenue and Expenditure for that year, before the receipt of this Despatch in the Colony, and that the establishment of a mint, to which I have adverted in another Despatch, will cause a considerable charge on the revenues of the Colony, I have decided that this demand on the part of the Imperial Treasury shall be postponed until the year 1865.

I have, however, thought it better to make this announcement to you at once, in order that you may lay this Despatch before your Council for their consideration,

tion, on the chance of the Estimates being still before them, and that they may thus be made aware how necessary it will be for them to enforce a strict economy in their expenditure, and may not vote moneys for new works without the clear prospect of having ample funds to complete them.

It will hereafter devolve upon Sir Hercules Robinson, with whom I have been in communication, finally to deal with the question, in concert with the Council.

For the present I am desirous not to press too heavily at first on the Colonial Revenues, and thus possibly to retard works of public utility, for which, besides the large balances in hand, a sum of 15,000 *l.* or 20,000 *l.* per annum would probably remain available.

The Officer Administering the
Government of Hong Kong.

I have, &c.
(signed) *Newcastle.*

P.S.—Since writing the above, I have received your Despatch, No. 128, dated the 9th of July last, transmitting the Ordinance, No. 7, of 1863, with the Estimates for 1864.

— No. 4. —

(No. 199.)

COPY of DESPATCH from the Officer Administering the Government to His
Grace the Duke of *Newcastle*, K.G.

My Lord Duke,

Hong Kong, 10 November 1863.

I HAVE the honour to acknowledge your Grace's Despatch, No. 115,* of 5th September last, announcing that from 1st January 1865 this Colony will be charged with 20,000 *l.* per annum on account of military expenditure.

I observe that your Grace only contemplates my placing this Despatch before the Legislative Council in the event of the Estimates for 1864 being still before them, and that it will devolve on Sir Hercules Robinson to deal with the question finally.

As the Estimates for 1864 were passed in July, and as Sir Hercules Robinson will be here in a month, I have abstained from moving in the matter, and hope your Grace will approve of the course I have taken.

I have, &c.
(signed) *W. T. Mercer.*

His Grace the Duke of *Newcastle*, K.G.,
&c. &c. &c.

No. 4.
The Officer administering the Government to the Duke of *Newcastle*, K.G.
10 Nov. 1863.
* Page 13.

— No. 5. —

(Separate.)

COPY of DESPATCH from the Officer Administering the Government to His
Grace the Duke of *Newcastle*, K.G.

My Lord Duke,

Hong Kong, 2 December 1863.

WITH reference to your Grace's Despatch, No. 115,* of 5th September last, acknowledged in mine of 10th November, No. 199,† I trust your Grace will not think me intrusive if I venture to offer some remarks on the proposition to claim a sum of 20,000 *l.* per annum from the revenues of this Colony in aid of the military expenditure upon it.

2. As a year must elapse before this claim can take effect, and as there may be somewhat in the following considerations (founded on local experience) calculated to influence the final decision, I cannot but think it my duty to put them forward.

3. It seems to me that two principal questions present themselves—1. Is the claim equitable? and, 2. Its equity granted, is its enforcement warranted by the financial condition of the Colony?

4. The equity of the claim rests first on the use of the troops. If these be required here for local purposes, such as the suppression of civil tumult, or the preservation of internal order, as in "Ceylon, Mauritius, and the principal Australian Colonies," nothing more can be said, and we need only pass to the second question proposed.

No. 5.
The Officer administering the Government to the Duke of *Newcastle*, K.G.
2 Dec. 1863.
* Page 13.
† Page 15.

5. But ever since the foundation of the Colony there has been only one instance in which the Colonial authorities have applied to the military for assistance. I allude to a riot in the city of Victoria in October 1856, when a company of the 59th Regiment was called out, without, however, their more active service being required. This, it must be remembered, was during an exceptional state of things which since our nearly four years' occupation of Canton and the altered demeanour of the Chinese provincial Government is not likely to recur.

6. Services at fires have always been performed promptly and efficiently by the troops, but these must be considered rendered by them as citizens more than as soldiers.

7. There is no police duty done by them; they are not put on treasure escort, as to my recollection, in Ceylon, and the only Colonial duty done by them is furnishing occasional guards of honour, firing salutes of ceremony, and mounting guard over two buildings the property of the Colonial Government.

8. This last is the only service that can be said to be purely Colonial.

9. On the other hand, Hong Kong has always been (certainly for the last seven years) the military *point d'appui* whence troops have been sent to various parts of Chinese territory for the protection of Imperial interests. Our military force furnished a garrison for the Macao fort in the Canton river when taken by Sir Michael Seymour in 1856; it supplied the principal part of the land force at the capture of Canton in the end of 1857; it was the feeder of the garrison in occupation there till the evacuation of Canton in 1861. In 1860-61 the Peking expedition was organised here, and ever since that time the Colony has been used as the military head quarters from which the detachments at Shanghai, Tientsin, &c. have been stored and recruited.

10. From recent advices I may include Japan as a future service under this head.

11. All these services were strictly Imperial and had no local object or result.

12. It would appear, then, that so far as the use of the troops is concerned there is little claim on the Colony for their support.

13. Their intended transfer to Kowloon (*see* Secretary of State's Despatch, No. 94, of 18th July 1863) is to a certain extent proof of their not being urgently required in Hong Kong.

14. These remarks regard the use of the troops as an internal security to the island, but as concerns protection from an external enemy, the principal source of danger, we have it laid down by Lord Stanley, at the foundation of the Colony (November 1843) that this is dependent mainly on our naval superiority, while the Committee on Colonial Military Defences have said that "so far as assistance from the mother country is concerned, the chief thing which most of our Colonies must look to for defence against foreign enemies is our navy."

15. Moreover, Hong Kong being the only British territory on the coast of China, and the presence of a naval squadron here being a permanent and not a temporary necessity, as is the case with the military, one half of whom are at this moment engaged on foreign soil, it follows that Hong Kong must be the head quarters of the navy in the China seas, and hence a closer connection must exist between the Colony and the navy than between the Colony and the army.

16. My inference from this is that if a claim on Colonial funds be advanced it should be made on account of the naval squadron rather than the military garrison.

17. In support of this view I may mention that when it became necessary in June last to look to the defences of the Colony, it was to the Admiral and not to the General that I applied, and the only branch of the military service which it was proposed to employ was the artillery to man the batteries, suggested and selected by the Commanding Royal Engineer, of which I shall say more presently.

18. But, putting aside the use of the troops, or rather, granting that they are here for local purposes, or that they will be in future made more use of locally (in which case I presume the same control over them would be given to the Governor as is given in Ceylon), it yet forms a question in view of the two facts,

--1. That the Colony was founded in furtherance of an Imperial purpose, and its
garrison

garrison is maintained for "general national objects" [Mr. Elliot's Memorandum]
 2. That the Imperial trade, for the encouragement of which it was founded, is so important financially to the mother country, that one item alone (the tea duties) furnishes, or did recently furnish, a tithe of the whole Imperial revenue—whether the local resources of this Colony should be impounded to the certain hinderance of its advancement and success.

19. Before proceeding to the second point I would remark on the argument used that Hong Kong has cost the Mother Country 273,000 *l.* during the first 14 years of its existence. If the Mother Country wanted an establishment like Hong Kong, and by establishing it it is proved that she did want it, she could only get it by paying for it or by making others pay for it, and this last she did. Up to the end of 1846 the (necessarily nominal) Parliamentary grants were really stopped out of the Indemnity Fund extracted from the Chinese Government under the Nanking Treaty. Though nominally voted by Parliament, no portion of it came out of the pocket of the taxpayer of the British Isles, and in the years that intervened from 1846 to the date of the cessation of the Parliamentary grant, the sums voted were insignificant compared with the enormous revenue derived by Great Britain and India from the China trade, for the encouragement of which, as I have said before, the Colony of Hong Kong was established.

20. Earl Grey, when Secretary of State for the Colonies (Despatch No. 94 of 3d February 1849), distinctly absolved the Colony from all responsibility for the sums expended on it previously to 1st April 1848, and since then the sums granted have amounted only to 130,900 *l.*, or less than half of what is now brought up against it.

21. Let us now turn to the second principal question which I have proposed. Is this military contribution warranted by the financial condition of the Colony?

22. Our estimated surplus at the present moment is a little over 440,000 dollars, while the surveyor general has handed me the enclosed memorandum of the works in progress and under contemplation; it will be seen that they, amounting to 482,371 dollars, more than absorb the entire surplus and still have no reference to Kowloon, necessary extension of roads, drains, repairs, &c., on each and all of which the expenditure will be considerable.

23. But it may be said this is the existent surplus, and as it has grown, it doubtless will grow; I enclose in correction of such a notion a return showing the premium on land sold during the last ten years, and this, it must be borne in mind, is the main source of the surplus; it will be seen that the large amount in hand is the produce of premium during the three years 1860, 1861, and 1862, while during the current year 1863 so completely has this source of revenue been exhausted that the following result is shown.

	<i>Dollars.</i>						
1860	-	-	-	-	-	-	94,342
1861	-	-	-	-	-	-	167,536
1862	-	-	-	-	-	-	142,602
1863	-	-	-	-	-	-	6,490

24. I should add that the estimate for 1863 from premium on land was 72,000 dollars; and I presume that this high figure was calculated with reference to Kowloon, no intelligence of the settlement of which has reached the Colony up to this date; but however this may be, the fact is evident that less than an eleventh of the estimate for the year has been realised, and that premium on land will not henceforward be so profitable a source of revenue as it has been.

25. Thus much as to receipt; as to disbursement I would note that the surplus in past years has not been used, principally owing to the inadequacy of the Surveyor General's Department for undertaking the necessary public works; the money therefore has remained in hand (or I should say at interest), but it has not the less been forestalled and unavailable, and is still so.

26. And here I may call attention to the memorandum above enclosed of public works proposed and certainly required, and especially to the Mint and to the two gaols in Victoria and on Stone Cutters' Island. Of the Mint I would only say that the benefit to be derived from it, so far as I can see, though I admit

Encl. 1.

Encl. 2.

I write without a perfect knowledge of the subject, will be entirely or mainly Imperial, while as to the gaols I would point out that their inmates are not, properly speaking, people belonging to the Colony, but chiefly pirates and Chinese belonging to the mainland, and that while their punishment is a sequence of our accidental position, and in aid of those general public interests for the conservation and furtherance of which I assume the Colony to have been originally founded, the heavy expense of the custody and maintenance of these criminals falls altogether upon the revenues of Hong Kong.

27. I confess that, in making these remarks, I cannot refrain from reflection on the case of the two neighbouring Colonies, Manila and Macao. The one a Spanish Colony of great fertility and power of production, the other a Portuguese settlement, producing nothing. Both have been hundreds of years in the hands of their present holders, and each is called on for a contribution to the treasuries of Spain and Portugal respectively. In Macao the trade, once considerable, is reduced to nothing, and the place is only the shadow of its former self; of Manila, it is notorious that the most is not made, and her principal city is as deficient in the ordinary requirements of civilisation as if it had been kept two centuries back. On the recent occasion of a disastrous earthquake, a sum (of an amount variously reported, but large) was contributed by the Madrid Government in relief of a Colony, which under a different system would have been perfectly independent of such external aid.

28. I do not of course attribute the condition of these two places solely to the contributions exacted by the Mother Countries, but I am not, I think, straining a point in my argument if I maintain that the moneys they remitted to Europe would have been beneficially expended on the spot, and would directly on the Colony, and indirectly on the Mother Country, have reflected more credit than at the present time can be claimed by either.

29. I am aware that there is another Colony in this part of the world similarly circumstanced, and apparently contradictory of my view, but the financially prosperous possession of Java is excluded from our present consideration by the forced labour system of the Dutch Government, which would not be recognised under a British constitution.

30. I have instanced the only Colonies in these regions actually bearing on the point, the one productive, the other like Hong Kong, non-productive; but in any case it seems to me that the Mother Country would have been amply repaid with the profits and advantages immediate and collateral resulting from her trade with the Colony, and with the countries adjacent, for the promotion of which I assume the original settlement to have been made.

31. I admit that it is the duty of all Colonies to relieve the Mother Country as far as they can, and that this duty is imperative on all producing Colonies; but in the case of a non-producing Colony like Hong Kong, it should be borne in mind that it did not plant itself, and that the Mother Country had, it must be assumed, a self interest in planting it; the attainment and preservation of which interest should be a sufficient return without a direct pecuniary impost, which can only be levied at the cost of the development of the Colony.

32. But not to occupy more of your Grace's valuable time, I may state my conclusions briefly thus. (1.) The presence of troops here is not absolutely necessary for colonial purposes, while the Colonial Revenue is urgently needed to the last cent for public works, some of them largely contributing to the benefit of the Imperial Government. (2.) Hong Kong in many respects renders important services to the Mother Country, service equivalent, without direct money payment, to what may in reason be required of a Colony established as this has been, and circumstanced as it is.

33. And next I propose to put forward practical suggestions in the form of alternative proposals.

1. As I have shown that the military are not wanted for local purposes, I would propose that they be withdrawn altogether, except a battery of artillery for which the Colony might be charged. I propose this, in deference to professional opinion which pronounced, during the discussions of the Executive Council in June last, that land batteries were required in aid of the naval force.

I enclose

I enclose return of cost of battery, amounting to 6,173 *l.* 5 *s.*; say
\$. 29,631. 60 *c.*

2. Should the above proposition be considered inadmissible, I would suggest that the cost of the battery be the only part of the military expenditure that falls on the Colony.

3. As 20,000 *l.* would supply us with an additional European police force of between 200 and 300 men, is it not possible to utilise the military for a local purpose, and work them as a police under the civil power? I recommended this on a special occasion seven years ago, and with the two-fold consideration of economy to the Colony (for the Colonial allowance would only be small and supplementary to their regular pay) and of benefit to the soldier, whose pay and comforts would be increased, while healthy employment would be given him, the want of which, as all experience of Hong Kong shows, tends to the stagnation of his mental, and ultimately to the destruction of his physical powers.

4. If it be determined to levy the full sum of 20,000 *l.* per annum, let not the necessary public works be stopped as they otherwise must be, but let a special military contribution tax be levied to that amount under authority of a legislative enactment.

I should, of course, prefer to see any other method pursued, and propose this only as a remote alternative, but I have the less hesitation in doing so under the circumstances, in that the residents of Hong Kong find the Colony singularly profitable, and are but lightly taxed; the police and lighting rates, with a water rate in prospect, are the only taxes to which they are subjected.

At the same time it is proper to point out that the enforcement of this contribution amounts in effect to making the residents in a British Colony pay for the protection of foreign and rival ports, and of the interests of the numerous nationalities there represented.

The natural tendency would be to drive people from Hong Kong where they are taxed, to Shanghai and other places where they are not, and cannot be taxed.

5. Let Hong Kong be put under a purely military government, as Gibraltar, to which it bears a closer resemblance than to any other British Colony; politically it is of less, but commercially of far greater importance than Gibraltar, but the accidents of the two places have a certain similarity, and under a military *régime* the troops would be made locally useful, which now, as already shown, they are not.

6. But failing one and all of the above propositions, I have only to ask, and I beg your Grace's attention to this very earnestly, that the present claim for a military contribution be postponed for a period, not of one year as now fixed, but of four or five years, by which time the financial condition of the Colony will be more firmly established, its real future will be more accurately ascertained, and its wants, now calling imperatively for all its funds, will be satisfactorily and finally supplied.

34. I have only, in concluding, to request your Grace to pardon me for thus venturing to question your Grace's expressed resolution, but as the period of a year must yet elapse before that resolution be carried into effect, I am confident that the various reflections I now submit will receive all due consideration, and I shall be satisfied that if the Colony be finally called upon for the contribution, it will have had the advantage of being heard, even though by so poor an advocate as myself, on a matter vitally important to its interests.

35. I fully understand that your Grace's proposition is made in furtherance of a general scheme to be applied, more or less, to all the dependencies of Great Britain, but in placing before your Grace the special circumstances of this dependency, I am encouraged by the words of Lord Palmerston himself, who is reported to have said in the House of Commons, on the 22d July 1850, that it was "a mistake to look at Hong Kong in the same light as other Colonies," and

further by the description given of the Colony in the Colonial Office List, under the authority of which I infer that Hong Kong is not to be judged under the rules and conditions prescribed as applicable to Colonies generally.

His Grace the Duke of Newcastle, K.G.,
&c. &c. &c.

I have, &c.
(signed) *W. T. Mercer.*

Enclosure 1, in No. 5.

Encl. 1, in No. 5. MEMORANDUM of Amounts required for Completion of Works in progress and for Works proposed, in *Victoria* and *Stone Cutters' Island*.

REP. AND EST. APPROVED.	SERVICE.	AMOUNT.
		\$. c.
No. 8 of 1859 - -	Reconstruction of Victoria Gaol (Bal. R. and E. 8/59, 1st Nov. 1863).	41,277 45
Sup. No. 5 of 1862 -	Convict Gaol on Stone Cutters' Island (ditto Sup. ditto 5/62, 1st Nov. 1863).	96,574 70
Sup. No. 6 of 1862 -	New Central Police Station (ditto ditto 6/62, 1st Nov. 1863).	56,593 64
Sup. No. 21 of 1863 -	Completion of Waterworks, City (ditto ditto 21/63, 1st Nov. 1863).	12,925 26
	Separate Waterworks for Wanchai, Bowrington, and probably Causeway Bay.	80,000 00
	Connection of present Waterworks with West Point -	15,000 00
	New Court House - - - - -	35,000 00
	New Post Office - - - - -	25,000 00
	Hong Kong Mint (25,000 l.) - - - - -	120,000 00
	TOTAL WORKS - - \$.	482,371 05

Surveyor General's Office, }
23 Nov. 1863.

Chas. St. Geo. Cleverly,
Surveyor General.

Enclosure 2, in No. 5.

Encl. 2, in No. 5. MEMORANDUM of Premium on Land sold during the past Ten Years from 1853 to 1863, in the Island of *Hong Kong*.

YEAR.	LOCALITY.	PREMIUM.
		\$. c.
1853 - - -	Victoria - - - - -	796 00
1854 - - -	Ditto - - - - -	5,660 00
1855 - - -	Ditto - - - - -	75,460 00
1856 - - -	Ditto and Pokfoolum - - - - -	5,195 00
1857 - - -	Ditto - - - - -	73,662 00
1858 - - -	Ditto - - - - -	5,830 00
1859 - - -	Ditto - - - - -	7,170 00
1860 - - -	Ditto and Sowkewan - - - - -	94,342 00
1861 - - -	Ditto, Pokfoolum, Aberdeen, and Apleechow - - -	167,536 00
1862 - - -	Ditto, Aberdeen and Apleechow - - -	142,602 00
1863 - - -	Ditto - - - - -	6,490 00
	TOTAL PREMIUM - - \$.	584,743 00

Surveyor General's Office, }
23 Nov. 1863.

Chas. St. Geo. Cleverly,
Surveyor General.

Enclosure 3, in No. 5.

RETURN showing the Strength and Expenses of a Garrison Battery Royal Artillery at Encl. 3, in No. 5.
Hong Kong.

RANKS.	Number.	Pay and Allowances per Mensem.	Pay and Allowances per Annum.
		£. s. d.	£. s. d.
Captains - - - - -	2	104 6 3	1,251 15 -
Lieutenants - - - - -	3	84 8 9	1,013 5 -
Assistant Surgeons - - - - -	1	31 - -	372 - -
Serjeants - - - - -	6	27 15 -	333 - -
Corporals - - - - -	4	14 - -	168 - -
Bombardiers - - - - -	4	13 - -	156 - -
Trumpeters - - - - -	2	4 6 3	51 15 -
Gunners - - - - -	100	215 12 6	2,587 10 -
Miscellaneous charges - - - - -	-	20 - -	240 - -
BATTERY TOTAL - - -	122	514 89	6,173 5 -

Hong Kong, 20 November 1863.

— No. 6. —

(Separate.)

COPY of DESPATCH from the Officer Administering the Government to his Grace the Duke of Newcastle, K.G.

No. 6.
The Officer Administering the Government to the Duke of Newcastle, K.G.
31 Dec. 1863.
* Page 15.

My Lord Duke, Hong Kong, 31 December 1863.
WITH reference to my Despatch, Separate,* of 2d instant, I think it right to report that on the 24th instant I received from Sir Hercules Robinson at Singapore, copy of the Despatch in which he placed before your Grace his views on the subject of the military contribution.

I was, therefore, at the date of my Despatch, unaware of the contents of Sir Hercules Robinson's communication, and am anxious to prevent misapprehension by putting the fact on record, as there seems to me a certain similarity in the manner in which both Sir Hercules Robinson and myself have treated the subject, more especially as to the two heads under which each has considered it.

His Grace the Duke of Newcastle, K.G., I have, &c.
&c. &c. &c. (signed) W. T. Mercer.

— No. 7. —

(No. 22.)

COPY of DESPATCH from his Grace the Duke of Newcastle, K.G., to Governor Sir H. Robinson.

No. 7.
Duke of Newcastle, K.G., to Governor Sir H. Robinson.
16 Feb. 1864.

Sir, Downing-street, 16 February 1864.
I HAVE to acknowledge the receipt of Mr. Mercer's Despatch, "Separate," of the 2d December last, in which he submits his observations respecting an annual contribution by Hong Kong towards its military expenditure.

It is impossible for me to doubt that the security given to the inhabitants and trade of Hong Kong (and more especially, perhaps, to the wealthy European merchants in the Colony) by the presence of Her Majesty's forces would be cheaply purchased by an annual payment of 20,000*l.*, and therefore I should not be doing justice to the inhabitants of this country if I failed to require that the

Imperial Treasury should be relieved to that extent as soon as possible from the burden of supporting that force.

Her Majesty's Government do not feel themselves bound to continue to protect an entrepôt for the Chinese trade, however important it may be, at the sole expense of the British Treasury, when the merchants who make use of it have, by great Imperial efforts, been placed in a position in which they are able to contribute towards the cost of that protection. I am fully aware that the satisfaction of the fair claims of the Imperial Government would be deferred for ever if it were to be postponed until all colonial improvements, which might be in themselves desirable, had been executed out of the produce of existing taxes. The real question is, whether the wealth of the community is such as to enable them to pay such taxes as are necessary for the double purpose of developing the Colony and meeting those claims; and this question appears to me to be sufficiently answered by the remark contained in Mr. Mercer's Despatch, that the "residents of Hong Kong find the Colony singularly profitable, and are but lightly taxed." Entertaining, as I do, these views, I cannot hold out any hope that Her Majesty's Government will refrain from pressing the demand which was communicated to Mr. Mercer by my Despatch, No. 115, of the 5th September last.

Governor Sir H. Robinson,
&c. &c. &c.

I have, &c.
(signed) *Newcastle.*

— No. 8. —

No. 8.
Governor Sir
H. Robinson to
the Duke of New-
castle, K.G.
9 April 1864.

(No. 30.)

COPY of DESPATCH from Governor Sir *H. Robinson* to his Grace the Duke of *Newcastle*, K.G.

My Lord Duke, Hong Kong, 9 April 1864.
I HAVE the honour to forward the following financial Returns:—

1. Return of Revenue and Expenditure of Hong Kong during the year ended 31st December 1863.
2. Comparative Statement of the Revenue and Expenditure in 1862 and 1863.
3. Statement of Assets and Liabilities on the 1st January 1864.

2. This last differs slightly from the approximate statement of assets and liabilities transmitted by Mr. Mercer in his Despatch, No. 12, of the 13th January last, as the Crown agent's account for the last quarter had not at that time been received.

3. In forwarding these Returns, I think it necessary to offer a few remarks upon the financial condition and prospects of the Colony, as I find I am directed by your Grace's Despatch, No. 115, of the 5th September last, to place a charge of 20,000*l.* for military contribution upon the Estimates for 1865, which will require to be passed in the course of a few months.

4. It will be seen, from Return No. 3, that at the commencement of the present year the assets exceeded the liabilities by 92,761*l.*; but it must be borne in mind that this excess does not represent an available balance of the same amount. Balances must always be kept in the hands of the treasurer and Crown agents. A supply of the subsidiary currency must also be kept available, and there must at all times be a certain amount of revenue outstanding, and of advances to be recovered. The Auditor General estimates that if ever the assets exceed the liabilities by less than 20,000*l.*, although the Colony might be quite solvent, it would be unable to meet its engagements in ready money. The available balance upon the 1st January last cannot, therefore, in my opinion, at the very outside, be estimated at more than 73,000*l.*

5. The

5. The revenue for the current year is estimated at 121,791 £., and a sum of 129,248 £. has been voted to meet the expenses of the year. If these figures be borne out, the result, at the close of the current year, will stand somewhat as follows:—

	£.
Available balance 1st January 1864 - - - -	73,000
Revenue for 1864 - - - -	121,791
Total - - £.	194,791
Expenditure for 1864 - - - -	129,248
Available balance 1st January 1865 - - - £.	65,543

6. In the expenditure for the current year, as estimated above, no provision whatever has been made for the Mint. The home expenditure for this work is put down by Mr. Kinder at over 35,000 £. and the building here will, the Surveyor General considers, not cost less than 10,000 £., irrespective of the cost of the site which will, it is hoped, be recovered by the sale of land in the neighbourhood. The total cost of the undertaking cannot, I think, be put down at less than 50,000 £. If the votes for the year are all expended, there will still remain due at the close of the year, for the completion of the new convict gaol at Stone Cutters' Island, and the post-office in Victoria, over 14,500 £. irrespective of the cost of fittings for the former work, not yet estimated for. On the other hand, if the sums voted for works and buildings in the Estimates for this year are not all expended the balance in hand at the close of the year will be larger, but the sums required for the completion of the works in progress will then be correspondingly increased so that no real difference will be made in the present statement.

7. The estimated available balance, at the close of this year, will therefore be entirely absorbed in the completion of the undertakings at present sanctioned by your Grace and in progress.

8. The revenue for next year from every source, except premium on land sales, cannot safely be estimated at more than 115,000 £. It amounted last year, exclusive of premiums, to 118,726 £.; in 1862 to 101,801 £., and in 1861 to 90,866 £. The ordinary fixed expenditure of the Colony, exclusive of all outlay on public works, amounts at present to over 85,000 £. The Surveyor General informs me that the maintenance in repair of the existing works, buildings, roads, &c., without the commencement of a new undertaking of any description would cost 20,000 £. a year. This would make a total ordinary expenditure of 105,000 £. against a revenue of 115,000 £., leaving a margin of only 10,000 £. a year to meet all contingencies.

9. In the estimated revenue of 115,000 £. no account is taken of probable premiums on land sales, because, on the other side of the account new public works are excluded from the expenditure. But if land be sold, new public works must be undertaken by the Government, as this forms one of the conditions of sale, and the one item therefore may fairly be placed against the other.

10. The expenditure of 105,000 £. estimated above, does not include the establishment for the Mint, which will probably cost in salaries alone 10,000 £. a year, because it is hoped that when the undertaking is once started it will be self-supporting. If it is not, it will be a failure and should be stopped. However it may not prove self-supporting at the very outset, and in view of such a contingency, the available balance ought not to be reduced too low.

11. Such being the present financial position of the Colony and its prospects for 1865, I confess that I cannot see where a military contribution of 20,000 £. for next year is to come from. If it be insisted on, it can only be obtained either by the suspension of the Mint works, or by the imposition of a special military contribution

contribution tax. The former would, in my opinion, be most impolitic, and the latter alternative would, I think, be peculiarly hard upon the Colony at the present moment; for I cannot help feeling that, even assuming the fairness of requiring the Colony to contribute towards its military expenditure, the circumstances connected with the establishment of the Mint entitle it at present to special consideration and exemption. The Colony, at its own sole expense and risk, is investing 50,000 *l.* in an undertaking which will benefit largely British commercial interests throughout the East, and effect a direct saving to the Imperial Exchequer of not less than 37,500 *l.* per annum. But the Colony itself does not expect to derive any direct addition to its revenue from this large expenditure even if this scheme should be entirely successful, for it would be most unwise to attempt to levy any larger seignorage than would suffice to cover the working expenses, and repay the cost of starting the undertaking.

12. It is doubtless more convenient that at this distance the proposed Mint should be under Colonial rather than Imperial control, and if it pay for itself it is of little importance, in a pecuniary point of view, whether it be an Imperial or a Colonial establishment; but as the advantages anticipated from it are so much more Imperial than local, the advance of 50,000*l.*, and the risk whatever that may be, are obligations which in strict fairness belong rather to the Imperial than the Colonial Government.

13. Besides, if in a Colony like Hong Kong, where Imperial and Colonial interests are so mixed up together, the system of "give and take" is to be no longer recognised, and mutual accommodation is, in each case, to be reduced to a mere matter of account, other questions, as pointed out by Mr. Mercer in his Despatch, separate, of 2d December last, besides military expenditure, will necessarily present themselves for adjustment; and it will not, I anticipate, be difficult to prove from the records of our courts and prisons that a considerable proportion of our large establishments, for the administration of justice and for the custody of criminals, is fairly chargeable to the Imperial Government.

14. These considerations are submitted as pertinent, even assuming the perfect fairness of calling upon the Colony for a military contribution; but I should wish, in offering them, to guard against being supposed to entertain myself any other opinion on this subject than that submitted in my Despatch* of the 21st May last.

* Page 5.

15. I shall hope for an early intimation of your Grace's final decision on the subject of this Despatch, as the Estimates for next year should be sent home from the Colony not later than August next.

I have, &c.
(signed) *Hercules G. R. Robinson.*

His Grace the Duke of Newcastle, K.G.,
&c. &c. &c.

Enclosure 1, in No. 8.

REVENUE and EXPENDITURE of the Colony of *Hong Kong*, during the Year ended 31 December 1863.

REVENUE.		AMOUNT.		EXPENDITURE.		AMOUNT.	
		\$.	c.			\$.	c.
Land Revenue	- - - - -	138,367	50	Establishments:			
Rents, exclusive of Lands	- - - - -	43,759	50	The Governor	- - - - -	25,223	00
Licenses:				Colonial Secretary	- - - - -	20,946	71
Spirit Retailers	- - - - -	28,336	00	Colonial Treasurer	- - - - -	9,311	89
Pawnbrokers	- - - - -	5,600	00	Auditor General	- - - - -	10,115	22
Auctioneers	- - - - -	4,890	00	Clerk of Councils	- - - - -	990	00
Tenements for Emigrants	- - - - -	27	50	Surveyor General	- - - - -	17,594	48
Emigration Brokers	- - - - -	800	00	Postmaster General	- - - - -	20,228	11
Billiard Tables	- - - - -	750	00	Registrar General	- - - - -	7,166	02
Bowling Alleys	- - - - -	225	09	Harbour Master	- - - - -	14,365	66
Opium Monopoly	- - - - -	77,640	00	Police and Lighting Rate Collector	- - - - -	2,205	00
Boarding-house Keepers	- - - - -	577	00	Chief Justice	- - - - -	29,334	75
Marriage	- - - - -	35	00	Judge of the Summary Jurisdiction Court	- - - - -	10,573	05
Chinese Undertakers	- - - - -	60	00	Ecclesiastical	- - - - -	4,516	08
		118,850	50	Educational	- - - - -	6,266	93
Taxes:				Colonial Surgeon	- - - - -	6,376	60
Balance of Police and Lighting Rates of 1862	- - - - -	6,798	81	Surgeon to Lock Hospital	- - - - -	1,764	00
Amount collected on Account of 1863	- - - - -	124,392	30	Police Magistrate	- - - - -	16,105	81
		131,191	11	Captain Superintendent of Police	- - - - -	89,623	89
Postage	- - - - -	61,144	15	Gaols	- - - - -	11,605	91
Fines, Forfeitures, and Fees of Courts:							
Fines	- - - - -	11,596	83	TOTAL ESTABLISHMENTS	- - - - -	304,313	11
Forfeitures	- - - - -	730	56	Pensions, Retired Allowances, and Gratuities	- - - - -	9,966	70
Fees	- - - - -	3,226	31	Revenue Services, exclusive of Establishments	- - - - -	815	23
		15,553	70	Administration of Justice	- ditto - - - - -	1,637	15
Fees of Office:				Charitable Allowance	- - - - -	135	00
Cemetery Burials	- - - - -	1,608	61	Civil Hospital, exclusive of Establishments	- - - - -	5,755	67
Registration of Boats	- - - - -	4,209	45	Lock Hospital,	- - - - - ditto - - - - -	1,369	41
Registration of Cargo Boats and Crews	- - - - -	1,395	43	Police	- - - - - ditto - - - - -	38,938	27
Registration of Hawkers	- - - - -	1,332	90	Gaols	- - - - - ditto - - - - -	50,975	93
Cargo Boats' Certificates	- - - - -	209	00	Rent	- - - - -	2,340	61
Official Signatures and Seal of the Colony	- - - - -	51	00	Transport	- - - - -	3,008	40
Registration of Deeds	- - - - -	1,913	75	Conveyance of Mails	- - - - -	2,820	77
Shipping Seamen	- - - - -	8,703	00	Works and Buildings	- - - - -	82,862	94
Examination of Masters and Mates	- - - - -	1,180	00	Roads, Streets, and Bridges	- - - - -	65,376	44
Ship Surveys	- - - - -	50	00	Miscellaneous Services	- - - - -	1,228	42
Colonial Registrars	- - - - -	125	00	Land and Houses purchased	- - - - -	3,211	00
Merchant Shipping Act	- - - - -	910	00	Special Expenses	- - - - -	11,189	49
Registration of Chairs	- - - - -	225	50	Mint, exclusive of Establishments	- - - - -	621	08
Registration of Chair-bearers	- - - - -	70	80				
		21,984	44				
Sale of Government Property	- - - - -	121	00				
Reimbursements	- - - - -	10,017	77				
Miscellaneous Receipts	- - - - -	5,610	29				
Interest	- - - - -	21,951	54				
Special Receipts	- - - - -	-	-				
Ordinance, No. 12, of 1857	- - - - -	7,823	80				
TOTAL	- - - - -	576,375	30	TOTAL	- - - - -	586,565	62

A. F. Alves, Accountant.

Fredk. Forth, Colonial Treasurer.

Colonial Treasury, Victoria, Hong Kong,
15 March 1864.

Examined,
W. H. Rennie, Auditor General.

Enclosure 2, in No. 8.

COMPARATIVE STATEMENT of the REVENUE and EXPENDITURE of the Colony of *Hong Kong* in 1862 and 1863.

R E V E N U E.			E X P E N D I T U R E.			1862.		1863.		Increase.		Decrease.			
	\$.	c.		\$.	c.	\$.	c.	\$.	c.	\$.	c.	\$.	c.		
Land Revenue	249,651	74	Establishments:—	25,325	00	25,223	00	—	—	5,781	31	—	102	00	
Rents, exclusive of Lands	41,765	00	The Governor	15,165	40	20,946	71	—	—	585	09	—	—	—	
Licenses:			Colonial Secretary	8,726	80	9,311	89	—	—	—	—	—	—	—	
Spirit Retailers	27,500	00	Colonial Treasurer	10,846	12	10,115	22	—	—	—	—	—	—	730	90
Pawnbrokers	4,550	00	Auditor General	960	00	990	00	—	—	—	—	—	—	—	—
Auctioneers	6,000	00	Clerk of Councils	16,746	25	17,594	48	—	—	—	—	—	—	—	—
Tenements for Emigrants	53	20	Surveyor General	13,162	39	20,238	11	—	—	—	—	—	—	—	—
Emigration Brokers	800	00	Postmaster General	6,279	34	7,166	03	—	—	—	—	—	—	—	—
Billiard Tables	750	00	Registrar General	13,909	59	14,365	86	—	—	—	—	—	—	—	—
Bowling Alleys	225	00	Harbour Master	2,866	78	2,905	00	—	—	—	—	—	—	—	—
Opium Monopoly	76,425	00	Police and Lighting Rate Collector	29,040	36	29,334	75	—	—	—	—	—	—	—	—
Boarding-house Keepers	590	00	Chief Justice	4,708	65	10,573	05	—	—	—	—	—	—	—	—
Marriage	60	00	Judge of Summary Jurisdiction Court	4,535	08	4,516	08	—	—	—	—	—	—	—	—
Chinese Undertakers	55	00	Ecclesiastical	5,807	75	6,266	93	—	—	—	—	—	—	—	—
Taxes:—			Educational	6,094	28	6,378	60	—	—	—	—	—	—	—	—
Police and Lighting Rates	91,662	86	Colonial Surgeon	1,835	07	1,764	00	—	—	—	—	—	—	—	—
Postage	50,729	99	Surgeon to Lock Hospital	14,523	98	16,105	81	—	—	—	—	—	—	—	—
Fines of Courts	16,496	15	Police Magistrate	72,923	75	89,623	89	—	—	—	—	—	—	—	—
Fees of Courts	5,268	94	Captain Superintendent of Police	7,380	69	11,605	91	—	—	—	—	—	—	—	—
Forfeitures of Courts	1,014	07	Gaols	260,827	28	304,313	11	45,060	58	—	—	—	—	—	—
Fees of Office:—			TOTAL ESTABLISHMENTS	—	—	—	—	—	—	—	—	—	—	—	—
Cemetery Burials	1,239	80	Pensions, Retired Allowances and Gratuities	8,098	52	9,966	70	1,868	18	—	—	—	—	—	—
Registration of Boats	4,318	37	Revenue Services	2,602	75	815	23	—	—	—	—	—	—	—	—
of Cargo Boats and Crews	1,375	96	Administration of Justice	1,184	32	1,637	15	452	83	—	—	—	—	—	—
of Hawkers	1,519	61	Charitable Allowance	7,934	52	5,755	67	135	00	—	—	—	—	—	—
Cargo Boats' Certificates	218	00	Civil Hospital	1,448	54	1,369	41	—	—	—	—	—	—	—	—
Official Signatures and Seals of the Colony	75	00	Lock Hospital	46,022	97	38,938	27	—	—	—	—	—	—	—	—
Registration of Deeds	2,133	50	Police	22,126	72	50,975	93	—	—	—	—	—	—	—	—
Shipping Seamen	7,167	00	Gaols	2,606	85	2,340	61	—	—	—	—	—	—	—	—
Examination of Masters and Mates	630	00	Rent	4,254	74	3,008	40	—	—	—	—	—	—	—	—
Ship Surveys	50	00	Transport	1,683	68	2,820	77	—	—	—	—	—	—	—	—
Colonial Registrars	95	00	Conveyance of Mails	194,773	74	82,862	94	—	—	—	—	—	—	—	—
Merchant Shipping Act	900	00	Works and Buildings	83,061	96	65,376	44	—	—	—	—	—	—	—	—
Registration of Chairs	225	50	Roads, Streets, and Bridges	3,886	14	1,228	42	—	—	—	—	—	—	—	—
of Chair-bearers	—	—	Miscellaneous Services	600	00	3,211	00	—	—	—	—	—	—	—	—
Sale of Government Property	28	00	Land and Houses purchased	6,521	21	11,189	49	—	—	—	—	—	—	—	—
Reimbursements	6,017	61	Special Expenses	—	—	621	08	—	—	—	—	—	—	—	—
Miscellaneous Receipts	5,926	10	Mint	—	—	—	—	—	—	—	—	—	—	—	—
Interest	16,669	28		—	—	—	—	—	—	—	—	—	—	—	—
Special Receipts	281	10		—	—	—	—	—	—	—	—	—	—	—	—
Ordinance, No. 12, of 1857	9,017	80		—	—	—	—	—	—	—	—	—	—	—	—
	631,259	98		122,113	59			587,633	94	586,565	62	85,403	25	86,471	57
							</								

Colonial Treasury, Victoria, Hong Kong,
15 March 1864.

A. F. Alves, Accountant.

Examined W. H. Rennie, Auditor General.

Fredk. Forth, Colonial Treasurer.

should prove a failure it would be only just, for the reasons explained in my letter of the 9th instant, that the loss should fall on the Imperial Government.

7. In effect, my proposal amounts simply to this, that the Colony should now pay in advance the military contribution demanded of it for two and a half years, namely 50,000 £., and that the Imperial Government should advance the 50,000 £. necessary for the establishment of the Mint, and be repaid this advance eventually out of the profits.

8. I think that this proposal is so reasonable that it can scarcely fail to receive the concurrence of Her Majesty's Government. It would indeed be hard if the Colony were taxed to meet an Imperial demand because its surplus funds are being diverted for an undertaking which ought in fairness to be established at the risk and expense of the Imperial Exchequer: and in justice to myself I must observe that I should never have recommended the establishment of a Mint at the expense of the Colony if I had known that a military contribution of 20,000 £. a year was to be imposed.

9. If my present proposal be accepted, I think the correspondence which has passed upon this subject should be laid before the Legislative Council, so that the arrangement come to should be clearly understood. And, indeed, under any circumstances, I beg that I may be informed of your Grace's wishes with respect to the publication of the correspondence, for it will assuredly be called for when the matter is brought before the Council.

I have, &c.

(signed) *Hercules G. R. Robinson.*

His Grace the Duke of Newcastle, K.G.,
&c. &c. &c.

— No. 10. —

No. 10.

Right Hon.
E. Cardwell, M.P.,
to Governor Sir
H. Robinson.
25 June 1864.
* Page 22.

(No. 88.)

COPY of DESPATCH from the Right Honourable *Edward Cardwell*, M.P.,
to Governor Sir *H. Robinson*.

Sir,

Downing-street, 25 June 1864.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 30,* dated the 9th April, in which you ask for an early intimation of the Secretary of State's final decision as to the contribution to be paid by the Colony of Hong Kong towards its military defence; and also of your further Despatch, No. 35, of the 12th April, proposing that the Colony should now pay in advance the military contribution demanded of it for two and a half years, amounting to 50,000 £., while the Imperial Government should advance the 50,000 £. necessary for the establishment of the Mint, such advance to be repaid eventually out of the profits.

I have given my best consideration to the arguments adduced by Mr. Mercer and yourself against calling on the Colony of Hong Kong to contribute, like other British Colonies, to the cost of its military defence. I am quite unable to see in these Despatches any reasonable grounds for the exemption which is claimed for the community under your Government, and I must request that you will, in accordance with your previous instructions, consider it as definitively settled by Her Majesty's Government that an annual contribution must be henceforth made by the Colony to the amount, 20,000 £., prescribed by my predecessor, the Duke of Newcastle. Nor can I consent to allow this payment to be encumbered by any circuitous arrangement with the British Treasury, whether respecting the establishment of the Hong Kong Mint, or any other item of Colonial expenditure.

If, however, the convenience of the Colony renders it inexpedient to advance at once from the Colonial balances, or from the yearly revenue, the sum necessary for the establishment of the Mint, I shall be prepared to give my favourable consideration to a proposal that the Colony should raise that sum by loan or debenture or otherwise.

You will consider yourself at liberty to lay the entire correspondence in the matter before your Council.

I have, &c.

(signed) *Edward Cardwell.*

Governor Sir H. Robinson,
&c. &c. &c.

— No. 11. —

(No. 133.)

COPY of a DESPATCH from Governor Sir *H. Robinson* to the Right Honourable
Edward Cardwell, M.P.

No. 11.
Governor Sir *H.*
Robinson to the
Right Hon. *E.*
Cardwell, M.P.
7 September 1864.

Sir,

Hong Kong, 7 September 1864.

I HAVE the honour to submit for your consideration, Ordinance, No. 8, of 1864, "to apply a sum not exceeding six hundred and thirteen thousand dollars to the public service of the year 1865," together with the Estimates for next year, upon which this appropriation Ordinance is based.

I transmit also, as directed in the Duke of Newcastle's Despatch, No. 98, of October 20th 1861, a tabular statement, showing the variations in the Estimates now forwarded, as compared with those of the present year, and an approximate statement of assets and liabilities at the close of the last quarter, prepared by the Auditor General.

From the remarks in the tabular statement, it will be seen that the items of increase in the present Estimates, whether in establishments or public works have already formed the subjects of special reports, and in almost every instance the approval of the Secretary of State has reached the Colony.

From Enclosure, No. 4, it will be seen that the assets of the Colony, on the 1st July, exceeded the liabilities by about \$.436,000, but this calculation was, as stated upon the face of the return by Mr. Rennie, exclusive of disbursements at home, on account of the Mint, which were not known.

By the Financial Estimate for the current year, which has been corrected up to 30th June, and which will be found at page 3 of the Estimates, now forwarded, it is calculated that the probable excess of assets over liabilities, on 31st December next, will be reduced to \$.185,000:

The difference between this sum, and the excess anticipated, when the Estimates for the current year were passed 12 months ago, is explained by a note in red ink,* marked (A.), which I have caused to be inserted at page 2 of the present Estimates. From this it will be seen that an expenditure of \$.240,000, upon the Mint and Kowloon compensations, has to be met, for which no provision has been made in the annual Estimates for this year.

The probable balance due on works in progress at the close of this year, is estimated at \$.190,798, the details of which sum are shown in a note marked (B.) at page 2 of the Estimates. This, as compared with the probable excess of assets over liabilities at the same date, which, as I have observed, only amounts to \$.185,000, shows the correctness of the opinion which I have repeatedly expressed in former Despatches, that the surplus funds of the Colony are not more than sufficient to complete those public works at present in progress, which have received the sanction of the Secretary of State.

It must be borne in mind also that, for the reasons which I have before explained, a nominal excess of assets over liabilities of \$.185,000 does not represent an available cash balance of more than \$.85,000.

If the large amount of \$.460,000 proposed to be expended during the course of the current year on public works, as shown in note (A.), be not all disbursed during that period, the nominal excess of assets at the close of the year will no doubt be correspondingly increased; but the probable sums remaining to be expended on unfinished works, as shown in note (B.), will in such case be increased to the same extent, and no real difference will be made in the sketch which I have given of the probable financial position of the Colony at the close of the present year.

The general Financial Estimate for next year, which will also be found at page 3 of the present Estimates, shows that the probable nominal excess of assets over liabilities at the close of 1865, will be further reduced to \$.106,109, and if these calculations be borne out, the Colony will, for the reasons I have before given, be thus left at the close of the year without any available cash balance, and may be unable to meet its engagements in ready money.

The probable sum due on uncompleted public works at that date, as will be seen by note (C.) on page 2 of the Estimates, is calculated at \$.54,648.

The possibility also must not be overlooked of the Colony being in a worse position

* Printed in *Italics*,
page 32.

position than that anticipated, through the revenue proving below, and the expenditure above the sums estimated.

The revenue is put down at \$.700,535, being nearly \$.70,000 in excess of the revenue of 1862 which, in consequence of large land sales, was the largest ever raised in the Colony. Nearly \$100,000 of the revenue estimated for next year, is made up of premiums on intended land sales at Causeway Bay, and probable proceeds of sale of old central police station, on completion of new building; and it is quite possible, 1st, that the amount has been over-estimated; and, 2nd, that a large proportion of it may not be realised before the close of 1865.

The expenditure, which is taken at \$.779,426, has been cut down to the lowest possible point consistent with the continuance of the works sanctioned by Her Majesty's Government, and the payment of the demand made by the same authority for military contribution. The gross expenditure may be classified as follows :—

					\$.
Ordinary expenditure	-	-	-	-	466,336
Public works	-	-	-	-	221,090
Military contribution	-	-	-	-	92,000
TOTAL - - - \$.					779,426

The increase in ordinary expenditure is almost entirely caused by the principal Mint salaries which have been added to the Civil List, and by additions to the police and lighting expenses, which additions, however, are covered by the police and lighting rates. The expenditure proposed on public works, notwithstanding the large outlay upon the Mint, is only equal to the amount voted under that head in the Estimates for the current year, in which, as you are aware, no provision for the Mint was made. This has only been achieved by the postponement of every work not indispensably necessary. The item for military contribution requires no explanation; it was voted in obedience to instructions from Her Majesty's Government.

No provision either has been made in the Estimates for unforeseen contingencies, or for the suppression of piracy, or for the minor salaries and working expenses of the Mint, as the Government is not in possession of sufficient information as yet to determine as to the necessary staff for that establishment.

Under these circumstances, if the Estimates as now submitted should meet with your approval, I consider it not improbable that during the progress of next year it may be found necessary to raise a sum of about 20,000 £. to defray the current expenses of the year. This could only be effected either by a loan, or by the imposition of additional taxation; and the best mode of effecting the object required would, I suppose, be left to the decision of the Legislative Council.

If additional taxation should be determined upon, I have, after much consideration, arrived at the conclusion that the only source which remains to be availed of here, without interfering with the freedom of the port, is a stamp tax similar to that imposed at present throughout India and the Straits Settlements. This would be the fairest tax which could be imposed here, considering the circumstance which renders additional taxation necessary. Being levied by means of stamps on receipts, drafts, promissory notes, foreign bills of exchange, bills of lading, and other commercial documents, it would fall mainly upon the foreign, as distinguished from the native commerce of the place, and would be borne by each commercial establishment in proportion to the amount of business transacted.

Such a measure would, no doubt, meet with as much opposition here at first as it did originally in the Straits Settlements, but it was soon found there that the tax did not interfere with or obstruct the course of business by any means as much as was originally anticipated.

I have, therefore, to ask (1) that copies of Acts or Ordinances passed for raising money by loan or debentures in other Colonies may be supplied to me, so that I may have some information to guide me as to the course pursued in other places, in case it should be determined to borrow here; and, secondly, that I may be informed whether Her Majesty's Government would object to a stamp

stamp tax here, in case it should be the desire of the local legislature to impose it. I ask this question because, as this is the centre at which all the financial transactions for the Imperial military, naval, consular and diplomatic services throughout China and Japan are arranged, a share of such a tax, if once imposed, would necessarily fall upon the Imperial Exchequer.

I have, &c.

(signed) Hercules G. R. Robinson.

HONG KONG.

Enclosure 1, in No. 11.

ANNO VICESIMO OCTAVO VICTORIÆ REGINÆ.

By his Excellency Sir Hercules George Robert Robinson, Knight, Governor and Commander in Chief of the Colony of Hong Kong and its Dependencies, and Vice Admiral of the same, with the advice of the Legislative Council of Hong Kong.

No. 8 of 1864.

Hercules G. R. Robinson.

AN ORDINANCE to apply a Sum not exceeding Six Hundred and Thirteen Thousand Title.
Dollars to the Public Service of the year 1865. [5th September 1864.]

WHEREAS the expenditure required for the service of this Colony for the year 1865 Preamble.
has been estimated at the sum of six hundred and twelve thousand three hundred and twenty-two dollars and eighty cents: Be it enacted and ordained by his Excellency the Governor of Hong Kong, with the advice of the Legislative Council thereof, as follows:—

1. A sum not exceeding six hundred and thirteen thousand dollars shall be and the Estimates, 1865.
same is hereby charged upon the revenue of this Colony for the service of the year 1865,
and the said sum so charged shall be expended as hereinafter specified; that is to say:

Civil Establishments:	\$.	c.
The Governor - - - - -	240	00
Colonial Secretary - - - - -	6,360	00
Colonial Treasurer - - - - -	4,776	00
Auditor General - - - - -	8,252	00
Clerk of Councils - - - - -	72	00
Surveyor General - - - - -	16,162	80
Postmaster General - - - - -	18,168	00
Registrar General - - - - -	1,680	00
Harbour Master and Emigration Officer - - -	9,040	00
Judicial Establishment - - - - -	6,560	00
Ecclesiastical Establishment - - - - -	702	00
Educational Establishment - - - - -	9,608	00
Medical Establishment - - - - -	14,360	00
Police Magistrates - - - - -	4,282	00
Police - - - - -	147,938	00
Gaols - - - - -	44,826	00
Charitable Allowances - - - - -	480	00
Transport - - - - -	1,500	00
Works and Buildings - - - - -	168,590	00
Roads, Streets, and Bridges - - - - -	52,500	00
Miscellaneous Services - - - - -	4,286	00
Military Contribution - - - - -	92,000	00
TOTAL - - - - -	\$.	612,322 80

L. d'Almada e Castro,

Clerk of Councils.

Passed the Legislative Council of Hong Kong,
this 5th day of September 1864.

COLONIAL ESTIMATES, HONG KONG:—1865.

FINANCIAL ESTIMATE FOR 1864.			Note (A.)		\$.
(Corrected to June 1864.)			This item is composed as follows:—		
Excess of assets over liabilities on the 1st January 1864	-	-	Estimated expenditure on public works and Kowloon compensation, as per Colonial Estimates for 1864, sanctioned by Secretary of State		\$.
Probable revenue for 1864	-	-	Mint expenditure to be incurred in England, as per Mr. Kinder's Estimates		150,000
TOTAL	-	-	Foundation of Mint, as per Supp. R. and E., No. 25 of 1864		25,000
Probable Expenditure for 1864:—			Reclamation of Causeway Bay, as per Supp. R. and E., No. 24 of 1864		47,500
Ordinary expenditure	-	-	Compensations for Chinese dispossessed at Kowloon, in excess of sum voted in Estimates, paid by authority of Secretary of State		17,500
Public Works (A.)	-	-	Not provided for in the Annual Estimates.		
TOTAL	-	-			240,000
Probable excess of assets over liabilities on the 31st December 1864 (B.)	-	-	Note (B.)		\$.
			Probable Balances due on Works in progress at close of 1864, as shown in present Estimates:—		460,000
			Mint	-	63,550
			New Gaol on Stone Cutters' Island	-	79,648
			Post-office	-	10,844
			Central Police Station	-	36,759
					190,798
FINANCIAL ESTIMATE FOR 1865.			Note (C.)		\$.
Estimated excess of assets over liabilities on the 1st January 1865	-	-	Probable Balance due on Works in progress at close of 1865, as shown by present Estimates:—		
Estimated revenue for 1865, as per Schedule (A) of present Estimates	-	-	New Gaols		54,648
TOTAL	-	-			
Estimated expenditure for 1865, as per Schedule (B) of present Estimates	-	-			
Probable excess of assets over liabilities on the 31st December 1865 (C.)	-	-			

The above Notes printed in italics were written with red ink in the original.

N.B.—The above Notes printed in italics were written with red ink in the original.

COLONIAL ESTIMATES—HONG KONG—continued.

(A.)

ABSTRACT of the probable REVENUE of the Colonial Government of *Hong Kong* for the Year 1865, showing also the Revenue received under the similar Heads in the Year 1863, being the Year previous to that in which the Estimates are prepared.

	Estimated for 1865.	Revenue of 1863.
	\$. c.	\$. c.
Land Revenue - - - - -	190,000 00	138,367 50
Rents, exclusive of Lands - - - - -	48,000 00	43,759 50
Licenses - - - - -	120,385 00	118,850 50
Taxes - - - - -	166,000 00	131,191 11
Postage - - - - -	65,000 00	61,144 15
Fines, Forfeitures, and Fees of Courts - - - - -	15,500 00	15,553 70
Fees of Office - - - - -	23,225 00	21,984 44
Sale of Government Property - - - - -	50 00	121 00
Reimbursements in Aid of Expenses incurred by Government - - - - -	8,875 00	10,017 77
Miscellaneous Receipts - - - - -	5,500 00	27,390 88
Special Receipts - - - - -	58,000 00	7,823 80
TOTAL - - - \$.	700,535 00	576,204 35

Amounting to Seven hundred thousand and five hundred and thirty-five Dollars.

REVENUE DETAILED.

	Estimated for 1865.	Revenue of 1863.
	\$. c.	\$. c.
Land Revenue :		
Lease Lands - - - - -	140,000 00	
Lands not Leased - - - - -	700 00	
Fees on grant of Leases - - - - -	300 00	
Premium by Purchases,—		
Hong Kong, Causeway Bay - \$ 47,500		
Kowloon - - - - - 1,500		
	49,000 00	
	190,000 00	138,367 50
Rents, exclusive of Lands :—		
Markets - - - - -	33,000 00	
Buildings - - - - -	15,000 00	
	48,000 00	43,759 50
Licenses :		
Spirit Retailers - - - - -	28,000 00	
Pawnbrokers - - - - -	5,600 00	
Auctioneers - - - - -	4,500 00	
Tenements for Emigrants - - - - -	25 00	
Emigration Brokers - - - - -	1,200 00	
Billiard Tables and Bowling Alleys - - - - -	900 00	
Opium Monopoly - - - - -	78,000 00	
Boarding-houses - - - - -	550 00	
Marriage - - - - -	50 00	
Chinese Undertakers - - - - -	60 00	
Stone Quarries - - - - -	1,500 00	
	120,385 00	118,850 50

COLONIAL ESTIMATES—HONG KONG: Revenue Detailed—continued.

		Estimated for 1865.	Revenue of 1863.
		£. c.	£. c.
Taxes:			
Police Assessment - - - - -	120,000 00		
Water Rate - - - - -	25,000 00		
Lighting Rate - - - - -	21,000 00		
		166,000 00	131,191 11
Postage - - - - -	- -	65,000 00	61,144 15
Fines, Forfeitures, and Fees of Court:			
Fines - - - - -	11,500 00		
Forfeitures - - - - -	1,000 00		
Fees - - - - -	3,000 00		
		15,500 00	15,553 70
Fees of Office:			
On Cemetery Burials - - - - -	1,500 00		
Registry of Boats - - - - -	4,500 00		
Do. Cargo Boats and Crews - - -	1,400 00		
Do. Hawkers - - - - -	1,300 00		
Cargo Boats' Certificates, Ordinance 15 of 1860	250 00		
Official Signatures - - - - -	50 00		
Registration of Deeds - - - - -	2,000 00		
Shipping Seamen - - - - -	9,000 00		
Examination of Masters, &c. Ordinance 17 of 1860.	1,200 00		
Ship Surveys - - - - -	50 00		
Colonial Registers - - - - -	75 00		
Merchant Shipping Act - - - - -	1,200 00		
Registry of Carriages, &c. Ordinance 6 of 1863 -	700 00		
		23,225 00	21,984 44
Sale of Government Property:			
Condemned Stores, &c. - - - - -	- -	50 00	121 00
Reimbursements in aid of Expenses incurred by Government:			
Private Watchmen and Lamps - - -	300 00		
Sick Stoppages from Police Force - - -	1,200 00		
Loss of Clothing and Arms from ditto - - -	25 00		
Subsistence Money of Seamen and others in Victoria Gaol.	400 00		
Medical Treatment of Sick Merchant Seamen and others in Civil Hospital.	2,500 00		
Convict Labour, and other Items - - -	600 00		
Sale of Printed Forms - - - - -	1,000 00		
Recovered from Diplomatic, Naval and Military Departments, on Account of Gaol Expenses.	1,800 00		
Incidental, including Fees from Scholars at Central School.	1,050 00		
		8,875 00	10,017 77
Miscellaneous Receipts:			
Interest on Monies Deposited in Banks - - -	5,000 00		
Other Miscellaneous Receipts - - - - -	500 00		
		5,500 00	27,390 88
Special Receipts:			
Probable Proceeds of Sale of Present Central Police Station on completion of New Building.	- -	50,000 00	-
Under Ordinance 12 of 1857 - - - - -	- -	8,000 00	7,823 80
TOTAL - - - - -	£.	700,535 00	576,204 35

COLONIAL ESTIMATES—HONG KONG—continued.

CIVIL LIST.

(As per Ordinances No. 13 of 1860, No. 5 of 1862, and No. 2 of 1864.)

Governor and Commander in Chief.	\$.	c.	Brought forward - - -	\$.	c.
Chief Justice - - - -	12,000	00	Surveyor General's Establishment:—	117,744	00
Colonial Secretary - - -	7,200	00	1st Clerk - - - -	2,400	00
Judge of the Court of Summary Jurisdiction.	7,200	00	2nd ditto - - - -	1,440	00
Attorney General - - -	4,800	00	Mint Establishment:—		
Colonial Treasurer - - -	4,800	00	Superintendent of the Bullion Office.	3,840	00
Auditor General - - -	2,400	00	Assayer - - - -	3,840	00
Surveyor General - - -	4,800	00	Superintendent of the Coining Department.	3,840	00
Master of the Mint - - -	6,720	00	Ditto of the Melting ditto	3,840	00
Two Police Magistrates (\$ 3,840 each).	7,680	00	Police Magistrates' Establishment:—		
Postmaster General - - -	3,840	00	1st Clerk - - - -	1,920	00
Registrar of Supreme Court - -	3,840	00	2nd ditto - - - -	1,440	00
Colonial Chaplain - - -	3,840	00	3rd ditto - - - -	960	00
Colonial Surgeon - - -	3,840	00	Post Office Establishment:—		
Harbour Master - - -	3,360	00	Assistant Postmaster General	2,400	00
Registrar General - - -	3,360	00	Clerk - - - -	1,440	00
Clerk of Councils - - -	960	00	Supreme Court:—		
Governor's Establishment:—			Crown Solicitor - - -	1,200	00
Private Secretary - - -	1,200	00	Deputy Registrar - - -	1,920	00
Colonial Secretary's Establishment:—			Clerk of Court - - -	1,440	00
Chief Clerk - - - -	2,400	00	Judge's Clerk - - -	1,440	00
1st ditto - - - -	1,920	00	Harbour Master's Establishment:—		
2nd ditto - - - -	1,440	00	1st Clerk - - - -	1,920	00
3rd ditto - - - -	1,344	00	2nd ditto - - - -	1,440	00
Colonial Treasurer's Establishment:—			Registrar General's Establishment:—		
1st Clerk and Cashier - -	1,920	00	1st Clerk - - - -	1,440	00
2nd ditto and Accountant -	1,440	00	2nd ditto - - - -	1,200	00
Auditor General's Establishment:—			TOTAL - - - \$:	157,104	00
Clerk - - - -	1,440	00			
Carried over - - - \$.	117,744	00			

PENSIONS, RETIRED ALLOWANCES, AND GRATUITIES.

(Under authority of Ordinance No. 10 of 1862.)

ALREADY GRANTED:—	\$.	c.
Colonel Caine - - - -	5,040	00
E. Mitchell - - - -	451	20
A. Inglis - - - -	783	96
Wm. Chapman - - - -	704	00
W. H. Mitchell - - - -	753	32
A. Grand Pré - - - -	644	00
N'g Foong Shan - - - -	140	00
	8,516	48
ESTIMATED AMOUNT to cover Pensions which may be granted in 1865 - - - -	1,483	52
	\$.	10,000 00

COLONIAL ESTIMATES—HONG KONG—continued.

EXPENDITURE DETAILED.

	Fixed Establish- ments.	Provisional and Temporary.	TOTAL.
	\$. c.	\$. c.	\$. c.
CIVIL.			
GOVERNOR.			
Salaries :—Nil.			
Allowances :—Nil.			
Contingencies :			
Repairs of Public Furniture at Government House	- -	120 00	
Incidental Expenses - - - - -	- -	120 00	
			240 00
TOTAL, THE GOVERNOR - - -	- -	- - \$.	240 00
COLONIAL SECRETARY.			
Salaries :			
Temporary Clerk - - - - -	- -	720 00	
Chinese Clerk and Interpreter - - -	- -	720 00	
Porter at Government Offices - - -	180 00	- -	
One Messenger - - - - -	108 00	- -	
Two Messengers - - - - -	144 00	- -	
	\$.		
	432 00	1,440 00	1,872 00
Allowances :—Nil.			
Contingencies :			
Printing, Publishing, Newspapers, and Periodicals	- -	480 00	
Postage - - - - -	- -	- -	
Office Furniture - - - - -	- -	240 00	
Incidental Expenses - - - - -	- -	- -	
			720 00
			2,592 00
Cadetships:			
Salaries :—Three Cadets at \$. 960 each - - -	2,880 00	- -	2,880 00
Allowances :—Three Chinese Teachers, at \$.156 each	- -	468 00	468 00
Contingencies :—Books, &c. - - - - -	- -	240 00	240 00
TOTAL, CADETS - - -	- -	- - \$.	3,588 00
TOTAL, COLONIAL SECRETARY, INCLUDING CADETS	- -	- - \$.	6,180 00
TREASURER.			
Salaries :			
Police, Lighting, and Water Rate Clerk - -	960 00	- -	
Temporary Clerk - - - - -	- -	600 00	
Sub-Collector - - - - -	480 00	- -	
First Shroff - - - - -	288 00	- -	
Second Shroff - - - - -	240 00	- -	
Messenger - - - - -	72 00	- -	
	\$.		
	2,040 00	600 00	2,640 00
Allowances :—Nil.			
Contingencies :			
Binding and Ruling Books - - - - -	- -	- -	
Office Furniture - - - - -	- -	96 00	96 00
Incidental Expenses - - - - -	- -	- -	
TOTAL, TREASURER - - -	- -	- - \$.	2,736 00

COLONIAL ESTIMATES—HONG KONG: Expenditure Detailed—continued.

	Fixed Establish- ments.	Provisional and Temporary.	TOTAL.
	\$. c.	\$. c.	\$. c.
AUDITOR.			
Salaries :—Messenger - - - - -	72 00	- -	72 00
Allowances :—To Audit Clerk—Personal allowance -	- -	480 00	480 00
Contingencies :			
Printing "Government Gazette" - - - - -	- -	400 00	
Ditto Chinese issue of ditto - - - - -	- -	900 00	
Ditto Estimates - - - - -	- -	75 00	
Ditto Forms for all Departments - - - - -	- -	2,500 00	
Stationery for the Offices and for Printing - - - - -	- -	3,250 00	
Coals for the several Departments - - - - -	- -	500 00	
Incidental Expenses - - - - -	- -	75 00	
			7,700 00
TOTAL, AUDITOR - - -	- -	- - \$.	8,252 00
CLERK OF COUNCILS.			
Salaries :—Nil			
Allowances :—Nil.			
Contingencies :			
For Interpretation and Translation - - - - -	- -	48 00	
Incidental Expenses - - - - -	- -	24 00	
			72 00
TOTAL, CLERK OF COUNCILS - - -	- -	- - \$.	72 00
SURVEYOR GENERAL.			
Salaries :			
Assistant Surveyor General - - - - -	3,360 00	—	
Additional allowance to Acting Assistant Surveyor General.	- -	840 00	
Resident Engineer at Kowloon - - - - -	- -	1,899 60	
Overseer of Works - - - - -	1,200 00	—	
Four Assistant Sappers, two for Kowloon - - - - -	- -	1,051 20	
Assistant Clerk - - - - -	960 00	—	
Extra - ditto - - - - -	- -	900 00	
Assistant Chinese Clerk - - - - -	384 00	—	
Overseer of Waterworks - - - - -	900 00	—	
Superintendent of Waterworks, "Plumber" - - - - -	600 00	—	
Watchman - ditto - - - - -	144 00	—	
Three Turncocks, one at \$.108, and two at \$.96 each.	300 00	—	
Chinese Overseer - - - - -	300 00	—	
Ditto ditto, for Kowloon - - - - -	- -	216 00	
Second ditto - - - - -	216 00	—	
Third ditto - - - - -	180 00	—	
Overseer of Convicts - - - - -	360 00	—	
Three Surveying Coolies - - - - -	216 00	—	
Office Coolie - - - - -	72 00	—	
Messenger for Kowloon - - - - -	- -	72 00	
Scavenger for all the Departments - - - - -	60 00	—	
Superintendent of Government Gardens and Plantations.	960 00	—	
Three Gardeners (Government House) - - - - -	216 00	—	
One - ditto (Government Offices) - - - - -	72 00	—	
	\$.		
	10,500 00	4,918 80	15,418 80
Allowances :			
To Overseer of Works, for Chair Coolies - - - - -	- -	144 00	
To Chinese ditto - for keep of two Horses - - - - -	- -	120 00	
			264 00
Contingencies :			
Advertising - - - - -	- -	48 00	
Copying Plans and Charts - - - - -	- -	250 00	
Repair of Furniture - - - - -	- -	50 00	
Incidental Expenses - - - - -	- -	72 00	
			420 00
TOTAL, SURVEYOR GENERAL - - -	- -	- - \$.	16,102 80

COLONIAL ESTIMATES—HONG KONG: Expenditure Detailed—continued.

	Fixed Establish- ments.	Provisional and Temporary.	TOTAL.
POSTMASTER GENERAL.			
Salaries :	\$.	\$.	\$.
Clerk - - - - -	c. 480 00	—	—
Charge taker at Hong Kong - - - - -	1,440 00	—	—
First Sorter at Hong Kong - - - - -	1,200 00	—	—
Second ditto - ditto - - - - -	1,080 00	—	—
Third ditto - ditto - - - - -	840 00	—	—
Fourth ditto - ditto - - - - -	720 00	—	—
Comprador - ditto - - - - -	240 00	—	—
Head Coolie - ditto - - - - -	144 00	—	—
8 Coolies at ditto, average pay, \$.84 each -	672 00	—	—
1 Coolie at ditto - - - - -	72 00	—	—
5 Boatmen at ditto, at \$.72 - - - - -	360 00	—	—
\$.	7,248 00	- -	7,248 00
Allowances :			
For assistance at Hong Kong - - - - -	- -	240 00	—
Ditto at the Ports - - - - -	- -	1,200 00	—
Allowance in aid of Imperial Salary to Packet Agent, Shanghai.	- -	1,200 00	—
Salary of Assistant Packet Agent, Shanghai -	- -	1,200 00	—
			3,840 00
Contingencies :			
Incidental Expenses, Hong Kong - - - - -	- -	840 00	—
Ditto at the Ports - - - - -	- -	480 00	—
			1,320 00
TOTAL, POSTMASTER GENERAL - - -	- -	- \$.	12,408 00
REGISTRAR GENERAL.			
Salaries :			
First Chinese Clerk - - - - -	288 00	—	—
Second ditto - - - - -	216 00	—	—
Extra ditto - - - - -	- -	144 00	—
Printing Coolie - - - - -	72 00	—	—
Messenger - - - - -	65 00	—	—
Office Coolie - - - - -	65 00	—	—
\$.	706 00	144 00	850 00
Allowances :—For Collection of Statistics, &c. -	- -	350 00	350 00
Contingencies :			
Printing - - - - -	- -	—	—
Furniture - - - - -	- -	240 00	—
Incidental Expenses - - - - -	- -	—	—
			240 00
TOTAL, REGISTRAR GENERAL - - -	- -	- \$.	1,440 00
HARBOUR MASTER.			
Salaries :			
Extra Clerk - - - - -	- -	960 00	—
Chinese Interpreter - - - - -	420 00	—	—
Signal Man - - - - -	600 00	—	—
Boarding Officer - - - - -	960 00	—	—
Ditto, Supernumerary - - - - -	720 00	—	—
Indian Interpreter - - - - -	420 00	—	—
Shroff - - - - -	240 00	—	—
Chinese Assistant at Signal Station - - -	96 00	—	—
8 Chinese Boatmen, at \$.84 each - - -	672 00	—	—
3 ditto - - - at \$.72 each - - -	216 00	—	—
4 ditto - - - at \$.72 each, to Emigration Officer.	288 00	—	—
Inspector of Cargo Boats - - - - -	960 00	—	—
4 Boatmen, at \$.72 each - - - - -	288 00	—	—
\$.	5,880 00	960 00	6,840 00
Allowances :—Examiner's Fees under Ord. 17 of 1860 -	- -	1,200 00	1,200 00
Contingencies :—Oil, Repairs of Boats, Buoys, Flags, &c. - - - - -	- -	1,000 00	1,000 00
TOTAL, HARBOUR MASTER - - -	- -	- \$.	9,040 00

COLONIAL ESTIMATES—HONG KONG : Expenditure Detailed—continued.

RECAPITULATION.

			\$.	c.
Governor - - - - -	-	-	240	00
Colonial Secretary - - - - -	-	-	6,180	00
Treasurer - - - - -	-	-	2,736	00
Auditor - - - - -	-	-	8,252	00
Clerk of Councils - - - - -	-	-	72	00
Surveyor General - - - - -	-	-	16,102	80
Postmaster General - - - - -	-	-	12,408	00
Registrar General - - - - -	-	-	1,440	00
Harbour Master - - - - -	-	-	9,040	00
TOTAL, CIVIL ESTABLISHMENTS - - - \$.			56,470	80

	Fixed Establishments.	Provisional and Temporary.	TOTAL.
JUDICIAL ESTABLISHMENTS.	\$.	c.	\$.
SUPREME COURT.			
Salaries :			
Interpreter - - - - -	960	—	
Bailiff and Usher - - - - -	960	—	
Chinese Clerk and Shroff - - - - -	336	—	
Three Messengers, at \$ 72 each - - - - -	216	—	
\$.	2,472	-	2,472
Allowances :—Nil.			
Contingencies :—Office Furniture, Oil, Newspaper, and Incidental Expenses.	-	120	120
TOTAL, Supreme Court - - -	-	- \$.	2,592
SUMMARY JURISDICTION COURT.			
Salaries :			
Clerk of Court - - - - -	1,440	—	
Interpreter - - - - -	720	—	
Chinese Clerk - - - - -	540	—	
Bailiff and Clerk - - - - -	480	—	
Messenger - - - - -	72	—	
\$.	3,252	-	3,252
Allowances :—To Clerk for Chinese Teacher - - -	-	120	120
Contingencies :—Office Furniture and Incidental Expenses.	-	96	96
TOTAL, Summary Jurisdiction Court - - -	-	- \$.	3,468
TOTAL, JUDICIAL ESTABLISHMENTS - - -	-	- \$.	6,060
ECCLESIASTICAL.			
Salaries :			
Clerk - - - - -	54	—	
Sexton - - - - -	480	—	
Two Burial Ground Keepers, at \$ 72 each - - -	144	—	
\$.	678	-	678
Allowances :—Nil.			
Contingencies :—Surplices, &c. - - - - -	-	24	24
TOTAL, ECCLESIASTICAL - - -	-	- \$.	702

COLONIAL ESTIMATES—HONG KONG: Expenditure Detailed—continued.

	Fixed Establish- ments.	Provisional and Temporary.	TOTAL.
EDUCATIONAL.			
Salaries:	\$.	\$.	\$.
Head Master of Central School - - -	2,400 00	-	
Assistant - ditto - - -	1,440 00	-	
3 Teachers of English, 2 at \$300 each, and 1 at \$180. - - -	780 00	-	
14 Chinese Teachers - - -	2,376 00	-	
4 Monitors - - -	144 00	-	
1 Chinese Writer - - -	120 00	-	
2 Coolies at \$72 each - - -	144 00	-	
Scavenger at Girls' School - - -	24 00	-	
\$.	7,428 00	-	7,428 00
Allowances:			
Travelling Expenses - - -	-	150 00	
To Head Master for Chinese Teacher - - -	-	120 00	
To Assistant - ditto - - -	-	120 00	
Contingencies:			390 00
Incidental Expenses, Books, &c. - - -	-	300 00	
Chinese Books to be bought in China - - -	-	60 00	
Prizes - - -	-	140 00	
			500 00
TOTAL, Educational - - -	-	-	8,318 00
MEDICAL.			
CIVIL HOSPITAL.			
Salaries:			
Superintendent - - -	1,440 00	-	
Dispenser - - -	960 00	-	
3 Wardmasters - - -	648 00	-	
1 Brahmin Cook - - -	180 00	-	
1 Chinese Cook - - -	96 00	-	
4 Coolies at \$72 each - - -	288 00	-	
Gate-keeper - - -	60 00	-	
Scavenger - - -	60 00	-	
\$.	3,732 00	-	3,732 00
LOCK HOSPITAL (under Ordinance, No. 12 of 1857.)			
Salaries:			
Surgeon - - -	864 00	-	
Dispenser - - -	480 00	-	
Inspector of Brothels (paid in Police Schedule) - - -	-	-	
Matron - - -	240 00	-	
Cook - - -	60 00	-	
2 Coolies at \$60 each - - -	120 00	-	
\$.	1,764 00	-	1,764 00
CONVICT HULK.			
Salary:—Surgeon - - -	-	1,000 00	1,000 00
TOTAL, Medical - - -	-	-	6,496 00
POLICE MAGISTRATES.			
Salaries:			
Coroner - - -	360 00	-	
First Chinese Interpreter - - -	720 00	-	
Second - ditto - - -	384 00	-	
Third - ditto - - -	312 00	-	
Fourth - ditto - (Student) - - -	216 00	-	
Chinese Clerk and Shroff - - -	300 00	-	
European Usher and Process Server - - -	510 00	-	
Assistant ditto and ditto - - -	420 00	-	
Indian ditto and ditto - - -	396 00	-	
Chinese ditto and ditto - - -	240 00	-	
2 Chinese Messengers at \$72 each - - -	144 00	-	
Allowances:—Nil.	4,032 00	-	4,032 00
Contingencies:			
Chinese Printing, and the "Justice of the Peace" periodical. - - -	-	150 00	150 00
Office Furniture, Repairs - - -	-	-	-
Bookbinding, Ruling, &c. - - -	-	-	-
Incidental Expenses - - -	-	-	-
TOTAL, Police Magistrates - - -	-	-	4,182 00

COLONIAL ESTIMATES—HONG KONG: Expenditure Detailed—*continued*.

POLICE.							
EUROPEAN FORCE.				\$.	c.	\$.	c.
SALARIES:							
1	Captain Superintendent	-	-	-	3,840	00	
1	Assistant ditto	-	-	-	1,680	00	
1	Clerk and Accountant	-	-	-	960	00	
6	Inspectors of Police (Regular Duties).	4-1st class at \$ 840 each					
		3-2d " at 720 "			7,920	00	
5	Ditto ditto (Markets, Nuisances, &c.), average Pay \$ 720 each.	4-3d " at 600 "					
1	Store and Barrack Sergeant	-	-	-	480	00	
4	Sergeants, average Pay \$ 432 each	1-1st class at \$ 480 each					
		2-2d " at 432 "			1,728	00	
		1-3d " at 384 "					
6	Acting Sergeants, average Pay \$ 372 each.	2-1st class at 384 "					
		2-2d " at 372 "			2,232	00	
		2-3d " at 360 "					
40	Constables, average Pay \$ 312 each.	13-1st class at \$ 336 each					
		14-2d " at 312 "			12,480	00	
		13-3d " at 288 "					
65				\$.	31,320	00	31,320 00
INDIAN FORCE.							
1	Sergeant Major	-	-	-	288	00	
1	Interpreter of Indian Languages	-	-	-	264	00	
8	Sergeants, average Pay \$ 240 each	3-1st class at \$ 264 each					
		2-2d " at 240 "			1,920	00	
		3-3d " at 216 "					
12	Acting Sergeants, average Pay \$ 192 each.	4-1st class at \$ 204 "					
		4-2d " at 192 "			2,304	00	
		4-3d " at 180 "					
381	Constables, average Pay \$ 156 each	126-1st class at \$ 168 each					
		129-2d " at 156 "			59,436	00	
		126-3d " at 144 "					
403				\$.	64,212	00	64,212 00
CHINESE FORCE.							
1	Interpreter	-	-	-	384	00	
12	Sergeant Interpreters, average Pay \$ 192 each.	4-1st class at \$ 204 each					
		4-2d " at 192 "			2,304	00	
		4-3d " at 180 "					
3	Sergeants, Water Police, average Pay \$ 144 each.	1-1st class at \$ 156 each					
		1-2d " at 144 "			432	00	
		1-3d " at 132 "					
8	Acting Sergeants, ditto, average Pay \$ 120 each.	3-1st class at \$ 132 each					
		2-2d " at 120 "			960	00	
		3-3d " at 108 "					
102	Constables, ditto, average Pay \$ 88 80 each.	34-1st class at \$ 96 each					
		34-2d " at 88 80 "			9,057	60	
		34-3d " at 81 60 "					
126				\$.	13,137	60	13,137 60
594	TOTAL FORCE OF ALL RANKS.						
3	Horse Coolies and 3 Station Coolies, at \$ 72 each	-	-		432	00	432 00
ALLOWANCES:							109,101 60
2	Drill Sergeants	-	-	at \$ 36 00 each	72	00	
4	Constables, charge of Fire Engines	-	-	at 28 80 "	115	20	
8	Drummers and Fifers	-	-	at 28 80 "	230	40	
4	Indian Interpreters	-	-	at 28 80 "	115	20	
2	Inspectors of Weights and Measures	-	-	at 72 00 "	144	00	
16	Market Scavengers	-	-	at 60 00 "	960	00	
2	Watchmen for Government Garden	-	-	at 88 80 "	177	60	
							1,814 40
CONTINGENCIES:—Office Furniture and Incidental Expenses				-	-	-	72 00
TOTAL, POLICE				-	\$.	110,988	00

COLONIAL ESTIMATES—HONG KONG: Expenditure Detailed—continued.

GAOLS.					Fixed Establish- ments.	Provisional and Temporary.	TOTAL.	
VICTORIA GAOL.					\$.	c.	\$.	c.
Salaries :								
Superintendent	-	-	-	-	1,920	00	—	
Clerk	-	-	-	-	576	00	—	
Interpreter	-	-	-	-	384	00	—	
Warden	-	-	-	-	480	00	—	
Head Turnkey	-	-	-	-	420	00	—	
Seven European Turnkeys, average Pay \$ 360 each.	{ 2-1st class at \$ 396 each 3-2d „ at 360 „ 2-3d „ at 324 „ }				2,520	00	—	
Matron	-	-	-	-	120	00	—	
Debtors' Gaol Turnkey	-	-	-	-	240	00	—	
Nine Indian Turnkeys, average Pay \$ 156 each.	{ 3-1st class at \$ 168 each 3-2d „ at 156 „ 3-3d „ at 144 „ }				1,404	00	—	
Lokung	-	-	-	-	72	00	—	
				\$.	8,136	00	-	8,136 00
Allowances :—Nil.								
Contingencies :—Incidental Expenses					-	-	96	00
TOTAL, VICTORIA GAOL					-	-	\$.	8,232 00
“ROYAL SAXON” CONVICT HULK. (Stone Cutter's Island.)								
Salaries :								
Superintendent	-	-	-	-	1,920	00	—	
Clerk	-	-	-	-	576	00	—	
Interpreter	-	-	-	-	384	00	—	
Warden	-	-	-	-	480	00	—	
Head Turnkey	-	-	-	-	420	00	—	
1 Turnkey	-	-	-	-	396	00	—	
2 Turnkeys at \$ 360 each	-	-	-	-	720	00	—	
3 ditto at \$ 324 „	-	-	-	-	972	00	—	
4 Boatmen (Malays) at \$ 144 each	-	-	-	-	576	00	—	
				\$.	6,444	00	-	6,444 00
Allowances :—Rations for Boatmen					-	-	168	00
Contingencies :—Incidental Expenses					-	-	96	00
TOTAL, CONVICT HULK					-	-	\$.	6,708 00
TOTAL, GAOLS					-	-	\$.	14,940 00

COLONIAL ESTIMATES—HONG KONG: Expenditure Detailed—continued.

No. 1.—RECAPITULATION of the foregoing ESTABLISHMENTS.

	SALARIES.		Allowances.	Office Contingencies.	TOTAL.	
	Fixed Establishments.	Provisional and Temporary.				
Civil Establishments:	\$.	c.	\$.	c.	\$.	c.
Governor - - - - -	-	-	-	240 00	240 00	
Colonial Secretary - - - - -	3,312 00	1,440 00	468 00	960 00	6,180 00	
Treasurer - - - - -	2,040 00	600 00	-	96 00	2,736 00	
Auditor - - - - -	72 00	-	480 00	7,700 00	8,252 00	
Clerk of Councils - - - - -	-	-	-	72 00	72 00	
Surveyor General - - - - -	10,500 00	4,918 80	264 00	420 00	16,102 80	
Postmaster General - - - - -	7,248 00	-	3,840 00	1,320 00	12,408 00	
Registrar General - - - - -	706 00	144 00	350 00	240 00	1,440 00	
Harbour Master - - - - -	5,880 00	960 00	1,200 00	1,000 00	9,040 00	
TOTAL, CIVIL - - - \$.	29,758 00	8,062 80	6,602 00	12,048 00	56,470 80	
Judicial Establishments - - - - -	5,724 00	-	120 00	216 00	6,060 00	
Ecclesiastical - ditto - - - - -	678 00	-	-	24 00	702 00	
Educational - ditto - - - - -	7,428 00	-	390 00	500 00	8,318 00	
Medical - - ditto - - - - -	5,496 00	1,000 00	-	-	6,496 00	
Police Magistrates - - - - -	4,032 00	-	-	150 00	4,182 00	
Police - - - - -	109,101 60	-	1,814 40	72 00	110,988 00	
Gaols - - - - -	14,580 00	-	168 00	192 00	14,940 00	
TOTAL, ESTABLISHMENTS - - - \$.	176,797 60	9,062 80	9,094 40	13,202 00	208,156 80	

No. 2.—REVENUE SERVICES, exclusive of Establishments:

	\$	c.
Commission to the Government auctioneer on sales - - - - -	600 00	
Petty expenses of collecting revenue at the villages - - - - -	240 00	
Commission for two police rate assessors at \$ 720 each - - - - -	1,440 00	
TOTAL - - - \$.	2,280 00	

No. 3.—ADMINISTRATION of JUSTICE, exclusive of Establishments:

	\$.	c.
Compensation to witnesses to give evidence in criminal cases, and interpreting dialects with which the Court interpreters are unacquainted - - - - -	600 00	
Executioner's fee - - - - -	250 00	
TOTAL - - - \$.	850 00	

No. 4.—ECCLESIASTICAL, exclusive of Establishments

Nil.

No. 5.—CHARITABLE ALLOWANCES

\$.

480 00

No. 6.—EDUCATION, Exclusive of Establishment

Nil.

COLONIAL ESTIMATES—HONG KONG: Expenditure Detailed—*continued*.

No. 7.—HOSPITALS, exclusive of Establishments :										\$.	c.
CIVIL HOSPITAL :											
Provisions for Patients	-	-	-	-	-	-	-	-	-	3,800	00
Bedding - ditto	-	-	-	-	-	-	-	-	-	250	00
Medicines	-	-	-	-	-	-	-	-	-	500	00
Surgical Instruments	-	-	-	-	-	-	-	-	-	100	00
Medical Comforts	-	-	-	-	-	-	-	-	-	500	00
Light and Fuel	-	-	-	-	-	-	-	-	-	300	00
Washing	-	-	-	-	-	-	-	-	-	240	00
Incidental Expenses, Furniture, &c.	-	-	-	-	-	-	-	-	-	240	00
										\$.	
										5,930	00
LOCK HOSPITAL (under Ordinance No. 12 of 1857) :											
Provisions for Patients	-	-	-	-	-	-	-	-	-	1,584	00
Bedding	-	-	-	-	-	-	-	-	-	100	00
Medicines	-	-	-	-	-	-	-	-	-	250	00
Light and Fuel	-	-	-	-	-	-	-	-	-		
Incidental Expenses	-	-	-	-	-	-	-	-	-		
										\$.	
										1,934	00
TOTAL - - - \$.										7,864	00
No. 8.—POLICE, exclusive of Establishments :											
Forage for six horses	-	-	-	-	-	-	-	-	-	960	00
Veterinary and Farriery Articles, and Saddlery	-	-	-	-	-	-	-	-	-	250	00
Repairs to Arms	-	-	-	-	-	-	-	-	-	150	00
Oil and Wick	-	-	-	-	-	-	-	-	-	1,100	00
Clothing and Accoutrements	-	-	-	-	-	-	-	-	-	8,500	00
Ammunition	-	-	-	-	-	-	-	-	-	150	00
Purchase and Repair of Boats	-	-	-	-	-	-	-	-	-	480	00
Emptying Dust Bins	-	-	-	-	-	-	-	-	-	2,400	00
Meals for Prisoners in Cells	-	-	-	-	-	-	-	-	-	480	00
Burials of Destitute Dead	-	-	-	-	-	-	-	-	-	480	00
Incidental Expenses	-	-	-	-	-	-	-	-	-	2,000	00
Lighting Street Lamps	-	-	-	-	-	-	-	-	-	20,000	00
										\$.	
TOTAL - - - \$.										36,950	00
No. 8.—GAOLS, exclusive of Establishments :											
VICTORIA GAOL :											
Provisions for Prisoners	-	-	-	-	-	-	-	-	-	13,000	00
Oil and Lamp wick	-	-	-	-	-	-	-	-	-	400	00
Clothing, Shoes, &c., including Clothing for Staff	-	-	-	-	-	-	-	-	-	1,800	00
Incidental Expenses	-	-	-	-	-	-	-	-	-	1,000	00
										\$.	
										16,200	00
CONVICT HULK :											
Provisions for Prisoners	-	-	-	-	-	-	-	-	-	9,737	00
Oil and Lamp wick	-	-	-	-	-	-	-	-	-	240	00
Clothing, Shoes, &c., including Clothing for Staff	-	-	-	-	-	-	-	-	-	2,219	00
Repairs to Hulk and Boats	-	-	-	-	-	-	-	-	-	500	00
Incidental Expenses	-	-	-	-	-	-	-	-	-	740	00
										\$.	
										13,436	00
TOTAL - - - \$.										29,636	00
No. 9.—RENT :											
Rent of Post Office at Shanghai	-	-	-	-	-	-	-	-	-	1,920	00
Rent of Government Schools	-	-	-	-	-	-	-	-	-	1,290	00
Rent of Quarters for Teachers to Cadets, 3 at \$ 60	-	-	-	-	-	-	-	-	-	180	00
										\$.	
TOTAL - - - \$.										3,390	00
No. 10.—TRANSPORT :											
Passage Allowances to Government Officers	-	-	-	-	-	-	-	-	-	1,500	00
No. 11.—CONVEYANCE OF MAILS										\$.	
										3,840	00

COLONIAL ESTIMATES—HONG KONG: Expenditure Detailed—continued.

No. 12.—WORKS AND BUILDINGS:		\$.	c.	\$	c.
Hong Hong Mint:					
Laying foundations, as per Supplementary Report and Estimate, No. 25 of 1864.		25,161	00		
Plant and Machinery, Carriage and Insurance of Ditto, as per Estimate.		150,000	00		
Superstructure, as per Report and Estimate - - - -		60,600	00		
Water supply, as per Report and Estimate, No. 27 of 1864 -		3,550	00		
TOTAL Proposed Cost - - - \$.		238,711	00		
Probable Expenditure up to 31st December 1864 - - -		175,161	00		
Proposed to be expended in 1865 - - - - -		63,550	00	63,550	00
New Gaols on Stone Cutters' Island:					
Proposed Cost, as per Supplementary Report and Estimate No. 5 of 1862.		99,648	00		
Probable Expenditure up to 31st December 1864 - - -		20,000	00		
Proposed to be expended in 1865 - - - - -		25,000	00	25,000	00
Post Office:					
Proposed Cost, as per Supplementary Report and Estimate No. 28 of 1864.		20,841	00		
Probable Expenditure up to 31st December 1864 - - -		10,000	00		
Proposed to be expended in 1865 - - - - -		10,841	00	10,841	00
New Central Police Station, on site of old Gaol:					
Proposed Cost, as per Supplementary Report and Estimate No. 6 of 1862.		61,759	00		
Probable expenditure up to 31st December 1864 - - -		25,000	00		
Proposed to be expended in 1865 - - - - -		36,759	00	36,759	00
Erection of a Boat house for Water Police - - - -				2,100	00
Head Quarters for Hong Kong Volunteers - - - -				2,500	00
Addition to Water supply from Pok-foo-lum - - - -				10,000	00
Miscellaneous Works - - - - -				2,500	00
Repairs to Buildings - - - - -				7,000	00
Maintenance of Public Gardens - - - - -				2,000	00
Maintenance of Water Works - - - - -				1,700	00
Expenses of Clock Tower - - - - -				640	00
Planting Trees - - - - -				1,000	00
Police Station, Kowloon - - - - -				3,000	00
TOTAL - - - \$.				168,590	00
No. 13.—ROADS, STREETS AND BRIDGES:					
Repairs to Praya Wall, Victoria - - - - -				2,500	00
Ditto to Roads out of Victoria - - - - -				5,000	00
Ditto to Streets in Victoria - - - - -				5,000	00
Alterations and Repairs of Culverts in Victoria and Suburbs - - - -				12,000	00
Surface Drains - - - - -				5,000	00
Repairs to ditto - - - - -				500	00
Ditto to Bridges out of Victoria - - - - -				500	00
Formation of Drains and Streets in Aberdeen, land recently sold - -				2,500	00
Road and Street contingencies - - - - -				1,500	00
Miscellaneous Services, Hong Kong, \$ 500, Stone Cutters' Island, \$ 500, Kowloon, \$ 1,000.				2,000	00
Landing Steps at Kowloon - - - - -				5,000	00
Roads and Streets in Kowloon (including reclaiming) - - - - -				6,000	00
Culverts in Kowloon - - - - -				5,000	00
TOTAL - - - \$.				52,500	00
No. 14.—MISCELLANEOUS SERVICES:					
Commission to Crown Agents (250 £. at probable average of exchange) - -				1,100	00
Allowance to Volunteers - - - - -				936	00
Ammunition for ditto - - - - -				500	00
Other Miscellaneous Services - - - - -				1,750	00
TOTAL - - - \$.				4,286	00
No. 15.—INTEREST - - - - -				Nil.	
No. 16.—LAND AND HOUSES PURCHASED - - - - -				Nil.	
No. 17.—MILITARY CONTRIBUTION:					
Contribution to Imperial Government in aid of Military Expenditure (20,000 £. at probable average of exchange) - - - - -				92,000	00

COLONIAL ESTIMATES—HONG KONG—continued.

SUMMARY of the foregoing ESTIMATES, showing the TOTAL CHARGE for each DEPARTMENT, so far as the same can be apportioned.

	Salaries, Allowances, and Office Contingencies.	Pensions, Retired Allowances, and Gratuities.	Revenue Services.	Administration of Justice.	Ecclesiastical.	Charitable.	Education.	Hospitals.	Police and Gaols.	Rent.	Transport.	Conveyance of Mails.	Works and Buildings.	Roads, Streets, and Bridges.	Miscellaneous Services.	Interest.	Lands and Houses Purchased.	Military Contribution.	Amount to be Voted for 1865, exclusive of Civil List and Pensions.	Total Amount Expended in 1863, including Civil List and Pensions.
Civil Establishments : The Governor -	\$ 240 00																		\$ 240 00	\$ 25,223 00
Colonial Secretary -	6,180 00									180 00									6,360 00	21,126 71
Treasurer -	2,736 00		2,040 00																4,776 00	9,388 14
Auditor -	8,252 00																		8,252 00	10,115 22
Clerk of Councils -	72 00																		72 00	990 00
Surveyor General -	16,102 80																		16,102 80	17,594 48
Postmaster General -	12,408 00									1,920 00									18,168 00	23,959 49
Registrar General -	1,440 00		240 00																1,680 00	7,185 00
Harbour Master and Emigration Officer.	9,040 00																		9,040 00	14,365 66
Police and Lighting Rate Collector.	-																		-	2,925 00
Judicial Establishments -	6,060 00			500 00															6,560 00	41,230 25
Ecclesiastical Establishments -	702 00																		702 00	4,516 08
Educational Establishments -	8,318 00									1,290 00									9,608 00	7,496 93
Medical Establishments -	6,496 00							7,864 00											14,360 00	15,265 68
Police Magistrates -	4,182 00			100 00															4,282 00	16,207 31
Police -	110,988 00								36,950 00										147,938 00	128,445 95
Gaols -	14,940 00			250 00					29,636 00										44,826 00	62,761 16
Pensions, Retired Allowances, and Gratuities.	-																		-	9,956 70
Charitable Allowances -	-					480 00													480 00	135 00
Transport -	-										1,500 00								1,500 00	3,008 40
Works and Buildings -	-												168,590 00						168,590 00	82,862 46
Roads, Streets, and Bridges -	-													52,500 00					52,500 00	65,376 44
Miscellaneous Services -	-														4,236				4,236 00	1,238 42
Land and Houses purchased	-																		-	3,211 00
Special Expenses -	-																		-	11,189 49
Military Contribution -	-																	92,000 00	92,000 00	-
Mint -	-																		-	621 08
	208,156 80	-	2,280 00	830 00	-	480 00	-	7,864 00	66,586 00	3,390 00	1,500 00	3,840 00	168,590 00	52,500 00	4,236	-	-	92,000 00	612,322 80	586,395 05

W. T. Mercer,
Colonial Secretary.

Enclosure 3, in No. 11.

ESTIMATE of EXPENDITURE for the Year 1865, compared with that Estimated for the Year 1864, with Explanatory Remarks.

	Estimate for 1865.	Estimate for 1864.	Increase.	Decrease.	REMARKS.
	\$.	c.	\$.	c.	
CIVIL ESTABLISHMENTS:					
The Governor - - -	240	00	—	—	
Colonial Secretary - -	6,360	00	72	00	An additional messenger sanctioned by Secretary of State, in Despatch No. 112 of 24 July 1864.
Treasurer - - -	4,776	00	160	00	Caused by appointment of third clerk, sanctioned by Secretary of State in Despatch No. 28, of 27 February 1864. There is a decrease in the Estimate for Revenue Services.
Auditor - - -	8,252	00	1,530	00	Caused by personal allowance of 480 dollars to audit clerk, as sanctioned by Secretary of State in Despatch No. 79, of 10 June 1864, and by increase in items of contingencies, such as coals, stationery, printing, and forms.
Clerk of Councils - -	72	00	—	—	
Surveyor General - -	16,102	80	7,340	80	The following new appointments have been made in the Surveyor General's Department since the preparation of the preceding year's Estimates: Assistant Surveyor General appointed by Secretary of State, Despatch No. 92 of 11 July 1863. Resident Engineer at Kowloon, reported to Secretary of State in Despatch No. 67 of 10 May 1864. Overseer of Works appointed by Secretary of State, Despatch No. 105 of 7 August 1863. Extra Assistant Clerk, approved by Secretary of State, Despatch 92 of 29 June 1864.
Postmaster General -	18,168	00	2,400	00	Salary of Assistant Packet Agent at Shanghai, sanctioned by Secretary of State in Despatch No. 144 of 4 October 1862, and an increased estimate for gratuities to shipmasters on conveyance of mails, consequent on increased correspondence.
Registrar General - -	1,680	00	390	00	This increase is principally a matter of account, being a transfer to this department from the treasury of the sum required for expense of collecting village rates.
Harbour Master and Emigration Officer.	9,040	00	1,248	00	An increase of 2 dollars a month to the pay of the Chinese Assistant at the Signal Station, sanctioned by Secretary of State in Despatch No. 100 of 12 July 1864; increased vote for allowances to Board of Examiners under Ordinance 17 of 1860, and increase to contingencies for oil, repairs of buoys, &c.
Judicial Establishment -	6,560	00	250	00	Increased sum required for compensation to witnesses giving evidence in criminal cases.
Ecclesiastical Establishment	702	00	—	—	
Educational Establishment	9,608	00	274	00	Allowance for a Chinese Teacher to the Assistant Master, and a small additional expenditure on books, prizes, &c.
Medical - - -	14,360	00	568	00	Small additions to the salaries of the Ward-masters, and increased estimate for provisions and medicines, consequent on increase of patients.
Police Magistrates - -	4,282	00	—	—	
Police - - -	147,938	00	21,059	00	Slight addition to Police Force, approved by Secretary of State in Despatch No. 165 of 31 December 1863, and greatly enhanced cost of lighting the streets, consequent on the introduction of gas, as reported for approval of Secretary of State in Despatch No. 116 of 5 August 1864.
Gaols - - -	44,826	00	5,128	00	An additional Turnkey at Convict Hulk, already reported to Secretary of State in Despatch No. 80 of 28 May 1864, and higher estimate for provisions for prisoners, in consequence of increased number.
Charitable Allowances -	480	00	—	—	
Transport - - -	1,500	00	—	—	
Works and Buildings -	168,590	00	61,450	00	Expenditure on Mint, sanctioned by Secretary of State.
Roads, Streets, and Bridges	52,500	00	-	50,450	The stoppage as far as practicable of new works.
Miscellaneous Services -	4,286	00	4,036	00	Salary of Crown Agents, ordered by Secretary of State in Despatch No. 1 of 1 January 1864. Allowance to Volunteers, sanctioned by Secretary of State in Despatch No. 22 of 21 February 1863, and transfer of the ordinary special expense vote, which is only a matter of account.
Land and Houses purchased - - -	-	10,000	-	10,000	No further compensation to landholders on Kowloon contemplated.
Special Expenses - - -	-	1,500	-	1,500	Vide miscellaneous.
Military Contribution -	92,000	00	92,000	00	Imposed by order of Secretary of State in Despatch No. 115 of 5 September 1863, and No. 88 of 25 June 1864.
\$.	612,322	80	197,905	80	- TOTAL Net Increase - \$.
		476,367		61,950	135,955 80.

Colonial Secretary's Office,
Hong Kong, 6 September 1864.

W. T. Mercer,
Colonial Secretary.

Enclosure in No. 12.

Encl. in No. 12.

Offices of the Crown Agents for the Colonies,
Spring Gardens, London, S.W., 17 December 1864.

Sir,
In reply to the question contained in your letter of the 10th instant, I have the honour to acquaint you for the information of Mr. Secretary Cardwell, that the Crown agents for the Colonies are of opinion, that out of the many Acts and Ordinances passed by Colonial Governments, for the purpose of raising money in the London market, none offer a better model for Hong Kong than that of Mauritius, herewith enclosed.

With the few alterations and additions noted therein, the Mauritius Ordinance may easily be adapted to the wants of the Hong Kong Government.

Supposing it to be the intention of Mr. Cardwell to authorise a loan for that Government on the security of its revenues and assets, the Ordinance, when sent to this country, should be accompanied by an official statement showing the past, present, and prospective value of such securities. This information might easily be exhibited in a tabular form, giving the imports, exports, revenue, and expenditure, for the last five or seven years, from which it would at once be seen to what extent the trade of the Colony had a tendency to increase or diminish. Any further information calculated to interest capitalists or intending investors might with advantage be added.

I have, &c.
(signed) *Penrose G. Julian.*

Sir F. Rogers, Bart.,
&c. &c. &c. Colonial Office.

Sub-Enclosure.

ORDINANCE No. 19 OF 1862.

W. Stevenson.

Enacted by the Governor of Mauritius and its Dependencies, with the advice and consent of the Council of Government thereof.

AN ORDINANCE for enabling the Government to pay 300,000 £. from the Colonial Treasury, and to borrow money on Debentures to the extent of 1,000,000 £., for the construction of Railways in the Colony.—[29th April 1862.]

WHEREAS it is expedient to construct two lines of railway in this Colony, the one from the town of Port Louis, northward, through the districts of Port Louis, Famplemousses, Rivière du Rempart, and Flacq; the other from the said town, through the districts of Port Louis, Plaines Wilhems, and Grand Port, to the town and harbour of Mahebourg:

And whereas no joint stock or other company having undertaken the said construction, it is expedient that the same be constructed by Her Majesty's Government in the Colony, at the expense of the public treasury thereof:

And whereas it is necessary to provide funds for the purchase of such land, and for the construction and purchase of such works, materials, and others, respectively, as may be required in connection with the said railways:

Be it therefore enacted by his Excellency the Governor, with the advice and consent of the Council of Government, as follows:—

300,000 £. to be taken
from the Treasury
for railways.

I. It shall be lawful for the Governor, by warrant under his hand, to authorise payment from the Colonial treasury of any sum or sums not exceeding three hundred thousand pounds sterling in addition to the proceeds of the loans authorised by the present Ordinance, towards the construction of the railways hereinbefore described, or one or other of them; which purpose shall include the purchase of land, the payment of all sums due under contracts for the construction of any works or buildings, and for the purchase and construction of any carriage, tools, machinery, or other matters or things of any nature, respectively, whatsoever, which may be required for the completion of the said railways, or either of them, and of all accessories thereof, and also the payment of fair and reasonable salaries, charges, and expenses, to such officers and others as shall be employed by or on behalf of the Government in carrying out both or either of the said undertakings.

1,000,000 £. to be
borrowed for rail
ways.

II. It shall, moreover, be lawful for the Governor to issue debentures from time to time as may be required for the purpose aforesaid, to an extent not exceeding one million sterling upon the security of the general revenue and assets of the Colony; such debentures to bear interest at a rate not exceeding 6 per cent. per annum.

Debentures in cer-
tain terms to be
issued.

III. Each debenture shall be for a sum of not less than 100 £., and shall be paid off at par at the expiration of such periods as the Governor shall deem expedient, and as shall be named in such debenture, provided the term in no case shall be less than 10, or more than 25 years.

By whom debentures to be signed.

IV. Every debenture shall be signed, on behalf of the Government, by the secretary and the treasurer of the Government of Mauritius for the time being, and by Her Majesty's Agents

Agents General for Crown Colonies in London for the time being, or by either of them as agents for the negotiation of the loan, provided that if the Secretary of State think fit to appoint any public officer in London to sign such debentures on behalf of the Government of Mauritius, the said debentures may be signed by the public officer so appointed, instead of the secretary and treasurer of the Government; and any public notice in the London Gazette of such appointment shall be deemed and held sufficient evidence thereof.

V. To each debenture shall be attached coupons, for the payment of the half-yearly interest, corresponding in number to the period for which such debenture shall have to run. Debentures to have coupons attached.

VI. Each debenture and all right to and in respect of the principal money secured thereby, and each coupon and all right to the interest payable in respect thereof, shall be transferable by delivery, and the principal moneys secured by such debenture, and the interest payable in respect of such coupons, shall be payable in London at the office of the aforesaid Agents for the Loan, or at the Treasury in the Island of Mauritius, as the lender shall elect at the time of allotment. Principal and interest how payable.

VII. The Governor, or officer administering the Government, shall appropriate, half-yearly, out of the general revenue of the Colony, commencing with the 1st of July 1862, or such other date as may be approved or directed by the Secretary of State, such sum as shall be equal to $4\frac{1}{2}$ per cent. on the total of the principal sums for which debentures shall from time to time have been issued, and, after having paid the half-year's interest thereon, shall invest, or cause to be invested, the residue thereof as a sinking fund for the final extinction of the debt, and shall from time to time invest, or cause to be invested, the dividends, interest, or produce arising from such investment, so that the same may accumulate by way of compound interest. Sinking fund to be created.

VIII. All sums paid to the account of the sinking fund, and all interest or produce arising therefrom, shall be invested under trustees in the purchase of Imperial or Colonial Government securities. The nature of such securities, and the selection of the trustees, shall be left to Her Majesty's Principal Secretary of State for the Colonies. Amount in sinking fund to be invested.

IX. Should it be found advisable, however, at any time before the periods fixed for the final redemption of the debentures, to extinguish any such debentures by withdrawing them from the market, by purchase, the Governor or officer administering the Government shall, by his duly authorised Agent, be fully empowered, with the sanction of the said Secretary of State for the Colonies, to make use of the sinking fund for that purpose, provided that all debentures so purchased shall be canceled and destroyed, and provided that no re-issue of debentures shall be made in consequence of such purchase and destruction. Government may buy up debentures at any time.

X. All and singular each and every sum or sums of money borrowed or raised under and by virtue of this Ordinance, together with such interest as may from time to time accrue thereon, shall be, and the same are hereby, charged upon the general revenues and assets of the Colony preferably to any other charges whatever thereupon. Money borrowed to be a preferable debt on the Colonial revenues, &c.

XI. In case there shall be any deficit in the general revenues of the Colony to meet the aforesaid payments, or to meet any part of the cost of the fixed establishment or services that may have been prejudiced or displaced thereby, such deficit shall be provided for by the imposition of such taxes or duties as the Legislature for the time being shall deem proper. In case of deficit, additional taxes to be raised.

XII. The money borrowed under the authority of this Ordinance shall be applied exclusively in and about the construction of the railways described in the preamble of this Ordinance, and in the payment of other costs and expenses hereinbefore provided. The money borrowed to be applied only to railway undertaking.

But the lenders of the said money shall have no right, title, or interest to inquire into or insist upon the application of the said money as aforesaid; nor shall their rights or interests be prejudiced or affected by any misapplication of the said money.

XIII. This Ordinance shall come into operation on the 3d day of May 1862.

Passed in Council, at Port Louis, Island of Mauritius, this 29th day of April 1862.

C. M. de Joux, Secretary to the Council.

Published by order of his Excellency the Governor.

Felix Bedingfeld, Colonial Secretary.

— No. 13. —

(No. 134.)

No. 13.
Governor Sir H.
Robinson to the
Right Hon. E.
Cardwell, M.P.
7 September 1864.

COPY of a DESPATCH from Governor Sir *Hercules Robinson* to the Right
Hon. *Edward Cardwell*, M.P.

Sir,

Hong Kong, 7 September 1864.

It is my duty to bring to your notice the proceedings which have taken place here with reference to the demand made by Her Majesty's Government upon this Colony for a military contribution of 20,000*l.* per annum, and the state of public opinion upon the subject.

* Page 28.

2. Upon the receipt of your Despatch, No. 88,* of the 25th June last, announcing the definite decision of Her Majesty's Government as to this question, I at once included the sum demanded in the Estimates and Appropriation Ordinance for next year, then awaiting submission to the Legislative Council, and in explanation of the item laid at the same time before the Council, in accordance with your permission, the entire correspondence in the matter.

3. Shortly after the publication of the correspondence, a very strong feeling arose throughout the entire community as to the unfairness of the proposal, and a public meeting of the inhabitants was held on the 23d ultimo to protest against the measure. The meeting, I am informed, was the largest and the most respectably attended ever assembled in the Colony, and represented the entire British and foreign commercial and non-official community of the place. The proceedings were marked by complete unanimity, and the chief grounds of the protest agreed to were contained in the first resolution, which "adopted to the fullest extent the arguments which had been brought before the Duke of Newcastle by both Mr. Mercer and myself in support of our assertion, that the presence of troops here is unnecessary for any purely colonial object."

Minutes of Public
Meeting.

Enclosure 1.

Petition.
Enclosure 2.

Memorial to Se-
cretary of State,
Enclosure 3.

4. The 5th instant was the day fixed for the second reading of the Appropriation Ordinance, and upon the forenoon of that day, before the assembling of the Council, a committee nominated by the public meeting waited on me to present an official record of the proceedings of the meeting, and also a petition signed by 443 British and foreign residents requesting me to forward to you the accompanying memorial, respectfully urging the relinquishment of the demand for military contribution, and further praying me to withdraw the item of 20,000*l.* from the Estimates for next year until your reply to the memorial should be received.

5. The committee at the same time informed me that memorials to a similar effect from the Chamber of Commerce, and from the native Chinese community, were in course of signature, and would be forwarded in time for transmission by the outgoing mail.

6. In reply I informed the committee that all the papers presented to me by them should be duly transmitted for your consideration, but that I could not consent to withdraw the item of 20,000 *l.*, as requested, from the Estimates for 1865, the passing of which either could not any longer be delayed. At the same time I pointed out to the committee that in a Crown Colony like this the ultimate decision upon such a question rested entirely with Her Majesty's Government, independent of any conclusion which might be arrived at in the Local Legislature.

7. I felt that I could not consistently with my duty arrive at any other decision. I had been desired by you to consider the question "as definitively settled by Her Majesty's Government." The reasons advanced in the public memorial for the relinquishment of the demand were not new, but precisely those urged by myself in my letter to Sir Frederic Rogers* of the 21st May 1863, which the public meeting adopted as its own; and although that letter has never been replied to, or its receipt acknowledged, and although as pointed out by the committee the arguments contained in it appear to have been entirely overlooked in the subsequent correspondence from the Secretary of State, I did

not

* Page 5.

not feel that I should have been justified on these grounds alone in concluding either that the letter had miscarried, or that it had not received whatever consideration it may have been thought entitled to before the definite decision of Her Majesty's Government was arrived at, which was announced to me in your last Despatch.

8. I accordingly, on the 5th instant, submitted the item of 20,000 £. for military contribution to the Council, together with the other charges for the service of next year in the annual Appropriation Ordinance. The rejection of the item was moved by Mr. Murray, who was supported by the two other non-official members, and by the Colonial Treasurer. The retention of the item was voted for by the Auditor General, the Attorney General, the Colonial Secretary, the Acting Chief Justice, and by myself, so that it was carried by a majority of *one*.

9. But I must not conceal from you that if the official members who voted for the item had considered themselves free to vote upon the question in accordance with their own opinions, the proposal would have been rejected by a majority of eight to one. These gentlemen, however, thought that a matter of this kind, which had originated with the Secretary of State, and which had been announced by Her Majesty's Government to be "definitively settled," differed from the ordinary cases submitted to the Council for deliberation, before reference home, and they accordingly felt themselves bound to give effect to the decision of the supreme authority without regard to their own convictions. With a view, however, to prevent the Home Government being misled as to their opinions by their votes, a resolution was agreed to by eight out of the nine members present, and recorded on the Minutes, to the effect, that in the opinion of the Council the colonial revenues cannot fairly be charged with any contribution towards the military expenditure rendered necessary by Imperial requirements in China and Japan. This opinion was based upon the same grounds as those adopted at the public meeting upon the 23d ultimo, that the maintenance of troops in Hong Kong is no longer necessary for the security of the inhabitants, or for the protection of any other purely colonial interest. The only dissentient to this resolution was the Acting Chief Justice, and he stated that he believed his opinion was not shared by any other resident in the Colony.

*Letter from Auditor
General annexed.
Enclosure 4.*

*See Extract of
Minutes of Council
annexed.
Enclosure 5.*

10. I may mention that the justice of calling on all Colonies to contribute as far as they are able towards the cost of the military defence of local interests is here acknowledged to the fullest extent, but it is simply denied that troops are required in Hong Kong for any such purpose. And it is further maintained that this Colony would profit by the withdrawal of the troops far more than it gains indirectly by their presence, inasmuch as the commercial development of the place would then be no longer obstructed by the retention in a limited area of the most eligible and valuable sites for commercial purposes, as military reserves. If these were let the public would derive vast convenience, and an annual revenue would accrue to the Colony estimated at not less than 10,000 £. a year.

11. To sum up the whole question, then, it will be seen that throughout the entire correspondence which has been published, his Grace the Duke of Newcastle justifies the demand solely upon the ground that the presence of Her Majesty's forces is necessary for "the security of the inhabitants and trade of Hong Kong." In opposition to this view the Local Government, the Legislative Council, the Chamber of Commerce, and the entire foreign community have now deliberately recorded their opinions, which are founded on local experience, that the presence of troops here is unnecessary for any purely local object; and it rests with Her Majesty's Government to decide what weight should be given to these local representations.

12. I am bound to add that I believe the Legislative Council is unanimously of opinion that if Her Majesty's Government is determined to enforce the demand, it would, under the circumstances which I have explained, be better and more constitutional if legal effect were given to such a decision by a permanent Order in Council, as nothing can be more calculated to bring the function of legislation into contempt than to require the Local Legislature from year to year to

enact a measure which, by a majority of eight to one, it concurs with the entire community in pronouncing to be both impolitic and unjust.

I have, &c.
(signed) *Hercules G. R. Robinson.*

10 September 1864.

Letter from
Chamber of Com-
merce.
Enclosure 6.

P.S.—With reference to paragraph 5 of this Despatch, I beg to add that while the mails are being made up, the accompanying letter from the Chamber of Commerce has reached me which I beg to submit for your information.

Memorial from
Chinese commu-
nity, with trans-
lation.
Enclosure 7.

A Chinese deputation also, composed of twelve influential and wealthy native residents has just waited on me begging me to forward by this opportunity the accompanying memorial addressed to you by 540 Chinese merchants, shopkeepers, and landowners in the Colony. The deputation informed me that if time had permitted, the memorial would have been far more numerously signed, as it conveyed the sentiments of the entire Chinese tax-paying community. Observing from the translation of the memorial which was handed to me by the deputation that it was simply a petition against any further taxation being imposed for the maintenance of troops, I inquired of the deputation why, if troops were necessary for the security of the inhabitants, they should not contribute their fair share to such expenditure. The members of the deputation explained that the memorialists considered that the maintenance of a garrison here was unnecessary for local purposes, as the people were quiet and submissive, and not addicted to acts of turbulence or revolt; but they felt it would have been unbecoming in them to say so in their memorial, as it was contrary to Chinese custom and rules of propriety for humble suppliants to extol themselves, meaning thereby, as I understood them, that reasonable exception might have been taken to a memorial against the maintenance of a garrison from the very people against whom only the troops could ever, by possibility, be locally used; and that they had accordingly thought it better taste in dealing with the question to content themselves with showing that the expenses of living here were already very large, and that further burthens would seriously interfere with the growth of the place.

H. G. R. R.

Enclosure 1, in No. 13.

Encl. 1, in No. 13. MINUTES of a PUBLIC MEETING held at the Court House, *Hong Kong*, this 23d day of August 1864, in pursuance of the following notice:—

Sheriff's Office, Hong Kong, 19 August 1864.

A REQUISITION having been lodged with me to convene a public meeting, as stated in the said requisition:—

“For the purpose of considering whether steps should be taken in reference to the demand which has been made upon the Colony by Her Majesty's Government, for an annual contribution of 20,000*l.* towards the support of the troops upon this station.”

Signed by *Francis Chomley,* *C. W. Murray,*
William Adamson, *A. F. Heard,*

And 42 other foreign residents.

I hereby, by virtue of my office, call a public meeting of the inhabitants of this Colony, for the purpose stated, to be held (by permission of the Honourable the Acting Chief Justice) at the Supreme Court House, Victoria, at 3 p.m., on Tuesday the 23d day of August instant.

(signed) *C. May, Sheriff.*

Present:—About 110 foreign residents; C. May, Esq., Sheriff, in the Chair.

The Chairman then read the notice above referred to, and declared the meeting duly opened.

Mr. C. W. Murray (subsequently followed by Messrs. E. H. Pollard and T. Sutherland) addressed the meeting at some length on the subject of the tax of 20,000*l.* proposed to be levied on the Colony.

It

It was then proposed by Mr. A. Turing, seconded by Mr. J. Whittall, and carried unanimously—

“That this meeting views with extreme regret and dissatisfaction the demand that has been made upon the Colony by Her Majesty’s Government, for an annual contribution of 20,000*l.*, towards the support of the troops at this station, and adopts to the fullest extent the arguments which have been brought before the Secretary of State for the Colonies by his Excellency the Governor and Mr. Mercer, in support of their assertion that the presence of troops here is unnecessary for any purely colonial object.”

It was then proposed by Mr. E. H. Pollard, seconded by Mr. R. Brand, and carried unanimously—

“That the demand for a military contribution, even if otherwise tenable, would be unjust to the Colony, not only in view of the important services which it renders to Imperial interests by its gaol, its courts of justice, and its (intended) Mint, but also in consideration of the great extent of immensely valuable building ground that has been absorbed for military purposes; and whereby the comfort of the colonists and the revenues of the Colony are seriously impaired.”

It was then proposed by Mr. T. Sutherland, seconded by Mr. H. B. Lemann, and carried unanimously—

“That this meeting, whilst acquiescing generally in Mr. Mercer’s Despatch of the 2d December 1863, is unable to concur with that gentleman in the opinion (para. 33) that the residents of Hong Kong are lightly taxed. It admits that the existing taxes may be necessary, but denies that in amount they can be termed light. The expenses connected with a residence here have, it is well known, deterred many respectable Canton Chinese from trying their fortunes in the Colony, and it is understood that very little is wanting to cause many who are here to leave. This meeting, therefore, looking to the best interests of the Colony, earnestly deprecates the imposition of any further tax (see para. 11 of Sir Hercules Robinson’s Despatch of 9th April 1864) which is not required to meet an urgent and admitted want.”

It was then proposed by Mr. T. G. Linstead, seconded by Mr. G. J. Helland—

“That the previous resolutions be embodied in a memorial to the Right Honourable the Secretary of State for the Colonies, urging the relinquishment of the demand for military contribution; and that a petition, as numerous signed as possible, be presented to his Excellency the Governor, praying that he will withdraw the item of 20,000*l.* for military contribution from the Estimates for 1865, pending the Secretary of State’s reply.”

It was then proposed by Mr. R. S. Walker, seconded by Mr. H. Noble, and carried unanimously—

“That Messrs. J. Whittall, F. Chomley, E. H. Pollard, T. Sutherland, T. G. Linstead, and C. W. Murray, be and hereby are appointed a committee for carrying out the object of the preceding resolution.”

It was then proposed by Mr. Storey, seconded by Mr. Schmidt, and carried unanimously—

“That the thanks of the community are due and are hereby tendered to his Excellency Sir Hercules Robinson, for the able manner in which he has conducted the correspondence with the Secretary of State for the Colonies, with reference to the demand made for the contribution to the military of this Colony.”

A vote of thanks was unanimously carried to the Sheriff for his conduct of the meeting, and to Mr. C. W. Murray for the attention and care he had given to the subject under discussion.

The meeting then separated.

C. May, Sheriff of Hong Kong,
Chairman.

Enclosure 2, in No. 13.

To His Excellency Sir *Hercules George Robert Robinson*, Knight, Governor of the Colony of Hong Kong, and its Dependencies. Encl. 2, in No. 13.

The Humble Petition of the undersigned residents in the said Colony,

Humbly Sheweth.

THAT, whereas a very numerous and respectably attended public meeting held here on the 23d instant, for the purpose of considering what steps should be taken with reference to the demand made by Her Majesty’s Government upon the Colony for an annual contribution of 20,000 *l.* towards the support of the troops upon this station; and whereas certain resolutions (of which copies are herewith submitted for your Excellency’s consideration) were, at that meeting, unanimously adopted:

Your Petitioners, in accordance with the terms of Resolution IV., enclose a Memorial to the Right Honourable the Secretary of State for the Colonies respectfully urging the relinquishment of the demand for military contributions, which they solicit your Excellency to forward.

And your Petitioners humbly pray that your Excellency will be pleased to withdraw the item of 20,000*l.* for military contribution "from the Estimates of the Colonial Expenditure for the ensuing year," until the receipt of the reply of the Secretary of State for the Colonies to the said enclosed Memorial shall have been received.

And your Petitioners will ever pray, &c.

Then follow 467 Signatures.

Victoria, Hong Kong, 25 August 1864.

Enclosure 3, in No. 13.

Encl. 3, in No. 13. To the Right Honourable *Edward Cardwell*, Her Majesty's Secretary of State for the Colonies.

•The Humble Memorial of the Inhabitants of Hong Kong.

Sheweth,

THAT in virtue of a Resolution passed at a public meeting of the residents of this Colony, held on the 23d August last, your Memorialists have the honour to address you on the subject of the annual contribution, towards the support of the troops upon this station, of 20,000*l.*, which has lately been demanded by Her Majesty's Government from the revenues of this Colony.

Your Memorialists would respectfully represent that a strong and unanimous feeling prevails amongst them that the proposed demand is not only unjust in its nature and a tax upon the residents of Hong Kong, levied for an object from which they receive no direct benefit, but also that irrespective of any other reason it has been made under the mistaken impression that the Colony could readily bear an additional pecuniary burden; whereas we would respectfully impress upon you our opinion that its resources are inadequate to the defrayment of the contribution in question, whilst we consider further that any surplus arising from its resources should of right be primarily devoted to the construction of the several public works, involving a great expenditure, which have not only been determined upon by the Colonial Government but which are imperatively necessary to the welfare, progress, and development of the Colony.

Your Memorialists adopt to the fullest extent the arguments which have been brought before Sir F. Rogers and his Grace the Duke of Newcastle by his Excellency Sir Hercules Robinson and Mr. Mercer, then Acting Governor, in their respective Despatches of 21st May and 2d December 1863, in support of their assertion that the presence of troops here is unnecessary for any purely Colonial object, and these arguments remain to the present unanswered, and, your Memorialists believe, unanswerable.

The spacious barracks, hospital, arsenal, commissariat, military stores, and magazines, all on a scale adapted to the operations and requirements of a large force, are with the troops themselves in Hong Kong for what purpose? Not the protection of the island; but because Her Majesty's Government have found it so well adapted for the special objects of its acquisition in 1842, serving as a base for carrying out views of Imperial policy at the various treaty-ports of China and subsequently of Japan, and as a depôt for men and material required in their disputes with those countries.

But his Excellency the Governor has so fully enlarged upon this head in his said Despatch of 21st May 1863, without refutation, that your Memorialists need not repeat the reasons therein adduced and in which they so fully concur.

You will, therefore, readily understand the extreme regret and dissatisfaction with which the residents of Hong Kong view a demand made upon them on account of expenses incurred almost entirely for the protection of other settlements in the East and the general aims of Her Majesty's Government.

Your Memorialists, moreover, do not come before you representing a community outlaying the total of their own taxation for the exclusive benefit of their own settlement, but in the exceedingly large amounts disbursed and still to be laid out on its gaol, courts of justice, (intended) Mint, and the annual outlay for the fixed establishments connected therewith, important services are rendered to Imperial interests as well as to the British community resident at the treaty-ports of China and Japan.

In addition to this fact your Memorialists would also state that they have an indirect but heavy annual tax imposed upon them by the presence of the military establishments before alluded to.

These establishments exist in the best and most desirable portion of Victoria, occupying a large proportion of its limited level ground; and in consequence, to provide accommodation for the increased number of foreign and Chinese residents, the hills have to be ascended, levels cut, extensive embankments made, labour and building materials procured at increased cost, and the revenues of the Colony are seriously affected (the rental of the hill ground being comparatively slight) by the loss of ground rent resulting from the military occupation of the extremely valuable sites in question; this diminution of Colonial income, alone equal to more than a moiety of the contribution now under discussion, has to be made good in some form by your Memorialists.

The

The military occupation of the land above referred to has also proved otherwise detrimental to some colonial interests; a few years ago the local Government determined that a praya or roadway should be constructed along the sea-face of the town, at the expense of the marine lot holders, whose property was supposed to be increased in value by the existence of this thoroughfare; but to the present day the utility of the praya as a roadway from the east to the west of Victoria is destroyed, and adjacent property deteriorated, by the fact of the non-construction of that which should be its central portion, fronting buildings in Imperial occupation.

Your memorialists most earnestly desire it to be understood that these remarks are made in no captious spirit, but simply with a desire of recording the fact that, while Her Majesty's Government have found it necessary for purposes of general Eastern policy to station a garrison, with its adjuncts upon this island, it has not been done without specially subjecting your memorialists to an indirect impost, which, while it has been cheerfully borne, they trust is not about to be increased.

And your memorialists most earnestly urge that the colony is not in a position to bear the burden of this contribution without grievous injury to its present and future interests, inasmuch as its resources are exceedingly limited, in consequence of the totally unproductive character of the island, and the poverty of the bulk of its inhabitants. The Chinese, numbering about 120,000, and forming 99 per cent. of the whole population are, as a class, of the poorest. Nearly 50,000 of them inhabit boats, or are otherwise so unremuneratively employed as to be almost, if not quite, beyond the pale of taxation; whilst the majority of the remainder are only artisans, earning humble wages, or small shopkeepers, in a way of business far from lucrative. So true is this that few of the latter can, with the enormous expenses of living here, afford to maintain their wives and families in Hong Kong, but keep them in the adjacent country, or in Canton, where the expenses, compared with this place, are as 1 to 10. Considering, therefore, that at the present moment an annual revenue of about 600,000 dollars is collected by the local Government principally, if not entirely, from some 1,500 lessees of Crown land, and the tenants of 6,000 houses, of which only 690 are above the yearly value of 100*l.*, it follows that a burden is already borne by your memorialists which they respectfully submit is far from light, and they would further state that the requirements of the colony for the new public works before mentioned, and the repair of others more or less in a state of decay, are already in excess of its surplus funds, and the aid afforded by its current revenue.

His Excellency the Governor, in his previously mentioned Despatch, has already pointed out the probability of a decline in the excess of colonial revenue over expenditure, an excess arising entirely from the sale of land, even now upon the wane, and your memorialists have no hesitation in expressing their opinion that, if additional taxation is imposed upon this colony, a further deficit in revenue is likely to result; the principle of enforcing contributions for purposes in which the contributors are not immediately concerned, being once established, would engender a feeling of apprehension that it might ultimately not be limited to the present demand: foreigners, with increased expenses, without corresponding advantages, would be less desirous of settling in Hong Kong, and Chinese, if order is restored on the mainland, would still more readily withdraw; and the numerical importance of this class has been already illustrated.

Your memorialists having now stated the reasons for their opinion, that the proposed contribution cannot equitably be demanded of them, and even if it were otherwise, why exemption should be made upon the grounds of services rendered, and existing indirect levies on military account, and lastly the fact of the present rate of taxation being heavier than that of their fellow subjects in any British colony, conclude with the expression of their hope that on the consideration of these points you may be enabled to advise Her Majesty's Government to carry out the prayer of your memorialists that the collection of the said contribution be countermanded.

Committee appointed at the Public Meeting:

Francis Chomley.
C. W. Murray.
Jas. Whittall.

Thomas Sutherland.
Edward H. Pollard.
J. G. Linstead.

Hong Kong, 5 September 1864.

Enclosure 4, in No. 13.

Auditor General's Office, Hong Kong, Encl. 4, in No. 13.
3 September 1864.

Sir,

A QUESTION will arise at the next sitting of the Legislative Council with regard to the item in the Estimates of 20,000*l.* for contribution in aid of military expenditure; and I conclude from what took place at a public meeting lately held on the subject, that this expenditure will not be allowed to pass unchallenged.

From the published correspondence, it seems to be definitely decided by Her Majesty's Government that the contribution is to be paid; the votes of councillors, official or unofficial, will therefore be of little moment; but I apprehend that if members of this

Government were to vote in opposition to the grant, their willingness to abide by the decision of the Secretary of State might be called in question, more especially as this decision has been conveyed after consideration of all the arguments adduced by his Excellency the Governor and yourself in support of the Colony's claim for exemption.

Although personally opposed to the grant, therefore, I shall feel it my duty to support it; but I wish distinctly to state that I entirely concur in the opinion expressed, that troops are not required for the internal security or defence of the Colony, and that Hong Kong would sustain but little loss by their withdrawal, for as against even a foreign aggressor, having the command of the sea (by whom alone we could be attacked), the force would be useless.

Likewise, with regard to the financial question, I am of opinion that the calculation as to the Colony's ability to meet the demand has been made on an erroneous basis, for were the premiums on land sales to be deducted from the revenues of the years 1860, 1861, and 1862, instead of these revenues showing a surplus, an average deficiency of nearly 12,000*l.* a year would be found; and that should it be necessary to raise the money by a special tax, I consider that the interests of the Colony would seriously suffer, inasmuch as, although we are at present solvent and not overtaxed, yet the expenses of the place are enormous, and we have to compete with Shanghai, and other ports in China, where the civil government, as well as military protection, is paid for entirely out of the Imperial funds. Every additional tax imposed here, therefore, acts simply as a premium on the removal of existing mercantile establishments to the coast, and as a check to the further development of the Colony.

I have, &c.
(signed) *W. H. Rennie*,
Auditor General.

The Hon. W. T. Mercer, Esq.,
Colonial Secretary.

Enclosure 5, in No. 13.

EXTRACT from the Votes and Proceedings of the Legislative Council of Hong Kong,
held on the 5th September 1864.

Encl. 5, in No. 13. "It was proposed by the Colonial Secretary, and seconded by the Auditor General, That, with a view to prevent Her Majesty's Government being misled by the votes of certain of the official members upon the subject of military contribution, it is desirable that the following resolution be inserted on the Minutes:—

"*Resolved*, That this Council is of opinion that the maintenance of troops in Hong Kong is not necessary purely for the protection of colonial interests, or the security of the inhabitants, and that the colonial revenues cannot fairly be charged with any contribution towards the Imperial military expenditure in China and Japan.

" Question put.

" Council divided.

Ayes, 8.
Mr. Whittall.
Mr. Murray.
Mr. Chomley.
The Auditor General.
The Colonial Treasurer.
The Attorney General.
The Colonial Secretary.
The Governor.

No.
The Acting Chief Justice.

" Question put, and carried by a majority of 8 to 1."

Enclosure 6, in No. 13.

Hong Kong General Chamber of Commerce, Encl. 6, in No. 13.
 Victoria, 9 September 1864.

Sir,

THE demand recently made by the Imperial Government upon the revenue of this colony, by calling for an annual contribution of 20,000 £ for five ensuing years, towards the maintenance of the military establishments on this island, is a matter of such material importance to the present interests of the colony, and to its probable future as a place of trade, as to warrant, in the opinion of the Committee of the Chamber of Commerce, an expression of their views on the subject to your Excellency.

Hitherto the Committee have refrained from addressing your Excellency in consequence of the general manner in which the subject has engaged the attention of the whole community, whose opinion has now been so emphatically expressed in the several resolutions passed at the public meeting held on the 23d of August.

On that occasion the meeting unanimously adopted and approved the arguments adduced by your Excellency in your Despatch of 21st May 1863 to Sir F. Rogers, and also those contained in Mr. Mercer's Despatch of 2d December 1863 to the Duke of Newcastle, questioning the justice of the proposed contribution, and the ability of the colony to meet the charge; and the meeting declared its opinion that troops are not maintained in this place for any purely colonial purpose, and that their presence is unnecessary for such object.

Without wishing to enlarge upon the arguments, which may be said to have been almost exhausted, the Committee are desirous of taking this opportunity to convey to your Excellency their full concurrence in the opinion expressed by the community at that public meeting, and in the measures adopted towards endeavouring to move the Government to a remission of the demanded contribution.

In addition to the forcible arguments brought before the Secretary for the Colonies in resistance of this demand, on the ground that Hong Kong is a military station maintained for purposes of Imperial policy in China and Japan, and that its extensive military establishments have not been organised as a means of defence or protection to the colony, the demand upon it as a place of trade cannot be too severely deprecated, viewed in a commercial point of view, as fraught with danger to its welfare.

Its peculiar position in relation to the numerous adjacent Chinese cities, but more especially to Canton, whence the natives now resident here have for the greater part emigrated, renders it essential to court, by every means in the power of the Government, their continuance in the colony. Taxation has driven them from their own country, and if augmented to any extent here, would assuredly more readily drive them from this place. The fact of being compelled to contribute towards an object in which the contributors are not immediately interested, would be as repulsive to the Chinese as to foreign residents generally. The latter, as a body, are numerically small, but their taxation is heavy, exceeding that of their fellow subjects in any British colony; and this burden, coupled with the heavy expenses of living, combine to make this place one of the most expensive residences in the East.

In conclusion, the Committee beg respectfully to express the hope that, in consideration of the representations made by this community, Her Majesty's Government will be pleased to withdraw the demand made upon the colony for military contribution, and the Committee would urgently solicit your Excellency's influential co-operation towards that end.

I have, &c.
 (signed) *Alex. Turing,*
 Chairman.

His Excellency Sir Hercules G. R. Robinson,
 &c. &c. &c.

Enclosure 7, in No. 13.

To the Right Honourable *Edward Cardwell*, M.P., the Secretary of State for the Colonies. Encl. 7, in No. 13.

THE Petition of all the undersigned Chinese Merchants of the Colony of Hong Kong, viz., Hosik, Kwokachang, Tamachoy and others, and signed with 540 seals;

Most respectfully sheweth,

THAT your petitioners are residents of Hong Kong, all having been hitherto imbued with the benevolence of the Government, and singing the praise of its being a happy land.

That in recent years, whilst trade has gradually become dull, the water, police, and lighting rates have been on the increase, so that the inhabitants of the colony are suffering in consequence.

That now your petitioners have attained the knowledge of there having been an order issued from your honourable nation, commanding the merchants of this colony to pay a tax for the maintenance of troops here.

That your petitioners are humbly of opinion that this colony has no advantage of any productions of its own soil, but is simply a station for merchants of different ports.

That the taxes levied in Canton, in comparison with those in Hong Kong, are not one hundredth part so heavy.

That the latter place is not far from the former, and to go from one to the other it simply takes a day's voyage.

That on account of the late disturbances at Canton your petitioners resorted to this colony, one after another, like clouds, and if the people be heavily taxed, and cannot afford to pay, your petitioners are sincerely apprehensive of their immediate exodus from this colony.

That your petitioners therefore find it necessary and urgent to subscribe their names to petition, and humbly pray that your Excellency will relieve the anxiety of the people, and have compassion on their minds, and represent to Her Majesty the Queen on their behalf, that extraordinary favour may be bestowed on them by the abandonment of the said intended tax for the maintenance of troops. Then your petitioners of the whole Colony will be deeply indebted in the great kindness of your Excellency; and, as in duty bound, your petitioners shall ever pray.

Translated by *Hobloy*,
First Interpreter at the Magistracy.

Hong Kong, 7 September 1864.

— No. 14. —

(No. 168.)

No. 14.
The Right Hon.
E. Cardwell, M.P.,
to Governor Sir H.
Robinson.

26 Nov. 1864.

* Page 52.

COPY of a DESPATCH from the Right Hon. *Edward Cardwell*, M.P., to Governor Sir *H. Robinson*.

Sir,

Downing-street, 26 November 1864.

I HAVE to acknowledge the receipt of your Despatch No. 134,* of the 7th September last, in which you bring to my notice the proceedings which have taken place in Hong Kong, with reference to the demand made by Her Majesty's Government for a military contribution of 20,000 *l.* per annum.

You enclose in your Despatch memorials addressed to me by a large number of the British and foreign residents in the colony, by 540 Chinese merchants and shopkeepers; also a copy of a letter from the Chamber of Commerce, a copy of the Minutes of a public meeting held on the subject, and a copy of the resolution against the measure, adopted in the Legislative Council by a majority of 8 to 1.

I have to request you to inform the memorialists that Her Majesty's Government has not failed to give its serious attention to the views which they have urged in favour of the relinquishment of the military contribution, but that there does not appear to be in these memorials any fresh argument, either as to the justice or policy of imposing the charge in question, which is of sufficient importance to affect the conclusion at which Her Majesty's Government has already arrived.

The objections entertained by the memorialists to a military contribution from colonial revenues are, generally speaking, analogous to those which were advanced by you and Mr. Mercer in May and December 1863; but several of these objections so persistently urged, are inconsistent with the tenour of despatches which, in recent years, and apparently with the concurrence of your Council, have been from time to time addressed to this department.

I will briefly review the protests which have been advanced against the measure:—

The first is, that troops are not necessary for the security of Hong Kong, and that they are maintained for Imperial, and not colonial interests.

The first part of this statement appears to me to be at variance with the opinions of the Executive Council in June 1863, when it was thought necessary, at a time when there was hardly any reason to apprehend a hostile attack, to erect four batteries, and to recall 45 men who had been detached from the garrison of Hong Kong, to do duty in Canton. Again, it but little accords with the terms of a correspondence which passed between your Government and Brigadier General Stavely, in which, with a view to an increase of the garrison, it was stated that 1,636 men were inadequate to meet the increased demand for

for protection and supervision occasioned by the increase of population, and the extension of the limits of Hong Kong.

The memorialists insist upon the circumstance that the garrison is principally maintained for the trade with China, which contributes so much to the Imperial revenue. Her Majesty's Government admits that the larger part of the garrison in Hong Kong is maintained for Imperial purposes. Indeed, this admission must be made if the Secretary of State is to be justified in looking to the Colony for so small a proportion of the whole cost of the garrison. The memorialists, however, omit to state that probably no branch of Imperial commerce has given rise to greater fortunes than those which have been acquired by the heads of China houses who elect to live in Hong Kong as a convenient centre from whence to direct the operations of their establishments, and they lose sight of the fact that this trade is protected in a great measure by the presence in the eastern seas of part of Her Majesty's navy, and that they benefit by this protection, to the cost of which they do not as yet make any contribution at all. The memorialists also appear to give no weight to the fact, that the mother country incurs a considerable expense, estimated at about 9,000 *l.* per annum, in the endeavour to suppress piracy in the immediate neighbourhood of the Colony. With regard to their objection that the community is unable to bear further taxation, I would observe, that in several Despatches addressed to the Secretary of State for the Colonies it has been stated that the residents of Hong Kong "find the Colony singularly profitable, and are but lightly taxed; the police and lighting rates, with a water rate in prospect, are the only taxes to which they are subjected;" that "the population has nearly doubled in four years;" that public works have been executed from current revenue "as rapidly as the Surveyor General's Department, although largely reinforced, was able to get through them;" that "the revenue is chiefly derived from the Chinese, who constitute 98 per cent. of the population, and probably contribute nearly a similar proportion of the revenue;" that they have made the Colony "the centre of a large local coasting trade, a depôt at which the produce of the north and south destined for consumption in China, changes hands." In the truth of these statements Her Majesty's Government entirely concur; but their natural effect seems rather to support the claim preferred against the Colony by the Imperial Government than to sustain the remonstrance of the Colony against that claim.

£. 8,876.

With regard to the complaint of the memorialists that they are very heavily taxed, I would remind you that in Singapore a settlement which in many respects bears a close analogy to Hong Kong, the rate of taxation in 1861 was 21 *s.* 1½ *d.* per head, and in that year it was found necessary to impose a stamp tax on the community, which is of a much less wealthy character than that of Hong Kong. The imposition of that tax produced none of those disastrous results which you anticipate from the introduction of fresh taxes in Hong Kong. Again, it is urged that the establishment of the mint gives the Colony a peculiar claim to exemption, at least for the present, from the military contribution. On this point it need only be said that this establishment was not proposed by the Home Government, but by yourself acting in the interest of the Colony, and of the China trade, on which the prosperity of Hong Kong depends. The mint is expected in itself to be a source of considerable profit to the colonial revenue, and the expectation that it will be also profitable to the Imperial Treasury, furnishes no sufficient reason why this country should pay for it, even in part. Under all these circumstances, Her Majesty's Government is of opinion that in the sum of 20,000 *l.* per annum assessed by the Duke of Newcastle as military contribution from Hong Kong, a sufficient allowance has been made for any equitable claim of abatement which can be urged. Notwithstanding, therefore, the local opposition to the charge, Her Majesty's Government considers that the sum of 20,000 *l.* a year, for the next five years, is a very moderate contribution for the military and naval protection enjoyed by the Colony under the British flag.

I observe that the memorialists state that the entire withdrawal of the garrison would be very beneficial to the Colony. Such a suggestion could not of course be reasonably entertained; but I must explain to you that the withdrawal of a large part of the garrison, if at any time Her Majesty's Government should consider that withdrawal to be expedient, will not affect the ground on which this charge is made, namely, that it is a very moderate contribution to be made by the colonists in return for the protection they enjoy.

It will be, in the first instance, for yourself and the Legislative Council to consider in what manner the claim can be met with least inconvenience to the Colony. If you should consider that this may be best effected by the imposition of a stamp tax, your own inquiries into the financial arrangements of Singapore will enable you to judge of the working of such a tax, and the mode in which it may be most conveniently adjusted.

I shall address you hereafter, respecting your suggestion, that the charge on account of military contribution should be imposed by a permanent Order in Council instead of an annual vote of the Legislative Council.

I have, &c.
(signed) *Edward Cardwell.*

H O N G K O N G.

COPY of CORRESPONDENCE between the Colonial Office and the Authorities at *Hong Kong*, and also of the MEMORIAL of the Resident Community, with relative Reply, on the Subject of the TAX, amounting to £. 20,000 per Annum, which Her Majesty's Government propose to levy on PROPERTY at *Hong Kong*, towards defraying the Expense of maintaining the GARRISON there.

(*Mr. William Leslie.*)

*Ordered, by The House of Commons, to be Printed,
25 April 1865.*

[*Price 8d.*]

214.

Under 8 oz.

HONG KONG (GAMBLING HOUSES).

RETURN to an Address of the Honourable The House of Commons,
dated 29 July 1869 ;—for,

“ COPY of all CORRESPONDENCE, MEMORIALS, REPLIES to MEMORIALS, and
PAPERS relating to the ORDINANCES of the LEGISLATIVE COUNCIL of HONG
KONG, whereby a Government Farm of GAMBLING HOUSES has been
created in that Colony, or relating to the REVENUE derived or to be
derived from the same, and the appropriation of such Revenue.”

Colonial Office, }
1869.

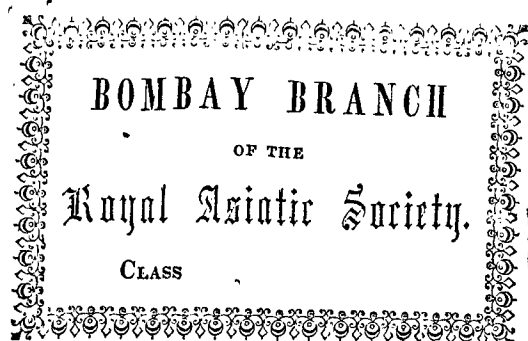
W. MONSELL.

(Colonel Sykes.)

108656

Ordered, by The House of Commons, to be Printed,
9 August 1869.

409.



SCHEDULE.

DESPATCHES FROM THE GOVERNOR.

Number in Series.	Number and Date.	SUBJECT.	Page.
1	(507.) 29 May 1868	Refers to previous correspondence respecting gambling licenses, and encloses copy of proceedings at a recent meeting of the Legislative Council, containing explanations given by the Governor regarding the general results of the policy recently instituted on the subject of gambling licenses - -	5
2	(534.) 25 June 1868	Forwards his reply to the Report of the Chamber of Commerce -	6
3	(540.) 9 July 1868	As to the appropriation of the fees derived from gambling licenses. Suggests that the money in question should be expended in reorganizing the police force and in the purchase of a colonial vessel and two steam launches - - - -	11
4	(571.) 16 Sept. 1868	Encloses (1) Returns of number of cases of Larceny by Servants during the June quarter ; (2) Number of Visitors to Licensed Gaming Houses for week ended 4th July ; (3) Memorandum by Governor to Acting Colonial Secretary ; and (4) Revised Government Regulations ; and states in conclusion that it was necessary to provide some legitimate vent for the irrepressible passion of the Chinese for gambling - - - -	14
5	(598.) 20 Oct. 1868	Calls attention to a misstatement in Memorial from the Social Science Association, and forwards a letter from the Colonial Secretary to the Secretary of the Association, and requests that it may be forwarded to its destination - - -	19
6	(634.) 9 Jan. 1869	Encloses Returns showing the decrease of the crime of Larceny since the establishment of Licensed Gaming Houses - -	24
7	(664.) 6 Mar. 1869	Explains Mr. Caldwell's true position in relation to the local Government regarding the Gaming Houses, and points out that the general result of the licensing system up to this date is satisfactory in various important points, as shown in Returns which are forwarded - - - - -	25
8	(665.) 6 Mar. 1869	With reference to that portion of the Duke of Buckingham's Despatch, No. 199, of the 2d December 1868, regarding the mode of allotting gambling licenses, expresses regret at the general censure upon the local Executive implied therein. Points out that the Governor is really in accord with the views of the Secretary of State ; and trusts that the present arrangements may be left undisturbed for a while - - -	32
9	(693.) 24 April 1869	Report upon the statements made in the memorial of the Social Science Association - - - - -	34
10	(697.) 28 April 1869	Mode of issuing the future Gambling Licenses, with opinions of the Executive Council " - - - - -	49
11	(714.) 8 June 1869	Observations on the instructions as to application of the funds arising from Gambling Licenses - - - -	51
12	(716.) 9 June 1869	Forwards letter from the Rev. J. Anderson, containing observations on gambling at Canton - - - -	54
13	(726.) 21 June 1869 (Extract.)	As to the appropriation of a certain sum, arising from the gambling licenses, towards the erection of a Chinese hospital - -	55
14	(735.) 3 July 1869	Stating that there is no foundation for the remarks of the Social Science Committee as to Mr. Caldwell's acting for the Government - - - - -	56

Number in Series.	Number and Date.	SUBJECT.	Page.
15	(739.) 6 July 1869	Reports of police inspectors, showing a continued diminution in cases of larceny by servants and satisfactory working of the Gambling License system - - - - -	57
16	(744.) 7 July 1869	Forwards a report by the Auditor General, showing the total receipts, balance in hand, and liabilities, with observations on the general principles for dealing with the Gambling License Fund - - - - -	59
17	(760.) 21 July 1869	Exclusion of women from the licensed gaming houses ; and states that he has agreed to make a remission of \$20,000 per annum in the fees payable by the licensees on the condition that this exclusion is carried out - - - - -	63
18	(770.) 4 Aug. 1869	Proposed addition of 30 trained English police to the local police force - - - - -	63

DESPATCHES FROM THE SECRETARY OF STATE.

DUKE OF BUCKINGHAM AND CHANDOS.

1	(125.) 4 Aug. 1868	As to the appropriation of fees derived from. Nothing to add to Despatch No. 80 of 30th April - - - - -	66
2	(149.) 2 Sept. 1868	Acknowledges Despatch No. 534 of 25th June, enclosing reply of Governor to resolutions of Chamber of Commerce respecting licensed Gaming Houses - - - - -	66
3	(176.) 23 Oct. 1868	Authorizes appropriation of funds derived from Gambling Licenses to certain police objects - - - - -	66
4	(199.) 2 Dec. 1868	Hears with surprise of the payment of \$20,000 a year by licensees to Mr. Caldwell. Unless a less objectionable system can be organized the whole system will require re-consideration by Secretary of State - - - - -	67
5	(206.) 8 Dec. 1868	Acknowledges Despatch No. 598, forwarding letter addressed to the Social Science Association. Reply of Governor to memorial addressed to Secretary of State, not thought necessary to forward to Association - - - - -	68

THE EARL GRANVILLE.

6	(15.) 31 Dec. 1868	Transmits correspondence with Mr. B. B. Turner respecting gambling in Hong Kong - - - - -	68
7	(16.) 4 Feb. 1869	Transmits correspondence on the subject of the answer which you addressed to a Social Science Association. Memorial from that Association - - - - -	77
8	(41.) 26 Mar. 1869 (Extract.)	Revenue derived from gambling licenses must not for the future be included in estimates. Surplus gambling fees should be funded and reserved for the extraordinary expenditure which is likely to be required when a vigorous effort is made to suppress the public exercise of this vice - - - - -	78
9	(64.) 1 May 1869	Postpones expression of opinion respecting Mr. Caldwell's position with regard to licensees until he shall have received the Governor's reply to Despatch No. 41 - - - - -	78
10	(72.) 7 May 1869	Transmits further correspondence with the Social Science Association with reference to the trial of prisoners charged with the murder of Mr. Holworthy - - - - -	79
11	(137.) 7 Sept. 1869	Acknowledging Governor's Despatch No. 739, of 6th July, containing reports of police on larceny cases by servants - - - - -	79
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15	(163.) 7 Oct. 1869	Acknowledges Despatch No. 760 respecting arrangements as to the exclusion of women from the gaming houses - - -	81
16	(165.) 8 Oct. 1869	As to the general principles for dealing with the gambling license fund - - - - -	81
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CORRESPONDENCE BETWEEN THE COLONIAL OFFICE AND THE SOCIAL SCIENCE ASSOCIATION.

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4	Ditto - - -	Not dated	Further memorial on this subject - -	87
5	Ditto - - -	14 Jan. 1869	Applying for copy of the Governor's answer to a former memorial - - -	
6	Colonial Office - -	4 Feb. 1869	In reply to the above, and forwarding copy of the Governor's reply - - -	
7	Social Science Association	16 April 1869	Complaining of Mr. Caldwell's re-employment by the Hong Kong Government -	
8	Colonial Office -	6 May 1869	Acknowledging the above - -	

Despatches from the Governor.

No. 1.

No. 1.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to his Grace the Duke of BUCKINGHAM AND CHANDOS.

(No. 507.)

Government House, Hong Kong, May 29, 1868.

Received 22nd July 1868.

MY LORD DUKE,

(Answered No. 125, August 4, 1868, page 66.)

IN my Despatch No. 485,* of the 21st ultimo, I had the honour to transmit for your Grace's information some returns on the subject of the average number of larcenies committed by servants during the last three years and the first quarter of this, with a view to showing that so far as any argument could be founded on those returns it was decidedly in favour of the supposition that the institution of open and legalized houses for play, in lieu of secret haunts infested by the worst characters, had produced a very marked decline in the class of crime, which it was once thought would have been most directly encouraged by the new system.

*Vide Papers presented 15th June 1868, page 51.

2. Since then, at a recent meeting of the Legislative Council, I was asked a question by the Honourable W. Keswick as to the probable disposal of the sums which had accumulated in the Treasury from the license fees.

3. I took the opportunity to give the Council some details of the general results of the policy recently instituted, and I enclose the report, though not very perfect or complete, of what I said on the occasion. Of course much of it is merely repetition of information previously transmitted to your Grace, but I call attention to that passage near the end, which explains some opposition to recent legislation on the part of wealthy Chinese householders, and affords a clue to the origin of the information which some members of the Chamber of Commerce professed to have received from the Chinese at a meeting, the report of which I forwarded to your Grace in my despatch of the 21st ultimo.

4. I had held a conference with the principal Chinese residents on the best means of checking a serious increase recently in the crime of kidnapping, and whilst all admitted the general decrease of crime, and augmented efficiency of the police, several adverted to the "recent legislation," as they called it, including the establishment of the licensed houses, and said they would prefer the old system.

5. As their arguments and experience would have led to the contrary conclusion, I was puzzled at first to comprehend their meaning, till one of them explained that they referred more particularly to that part of the Registration Ordinance of 1866 which made all owners of houses finally responsible for penalties, if their houses were used by their tenants either as gambling houses or brothels.

6. This they declared to be a hardship, but I told them it was one which under any circumstances they would have to bear, as a very moderate vigilance on the part of owners of house property could enable them to prevent the law being violated, and their co-operation in the matter was too important to be given up, because of the slight inconvenience to which it subjected them.

7. I attach some importance to this result of my interview with the Chinese, because it explains many things otherwise very inconsistent in their conduct and arguments, for it would appear to be quite possible for two persons to converse with the same Chinese householder, and the one honestly report him as being hostile to, and the other as being favourable to the new system.

8. I may add to this that I have had of late very great reasons to be satisfied with the exertions of the licensees. They have gone to considerable expense in securing the services of a better class of employés, more capable of preventing Chinese servants and clerks obtaining access to the licensed houses. They have also put the police on the track of many bad characters and returned convicts, whilst they have shown themselves more than usually active in putting down attempts to establish illegal gaming haunts.

9. Your Grace will also find in the enclosed statement to the Council some explanation of the reasons why attempts are still made to re-open these haunts; another point which had seemed to me difficult of explanation, once there existed legally licensed places where persons might play openly without the risk of any penalty. The explanation furnishes

FURTHER CORRESPONDENCE

to residents here very strong additional grounds for maintaining the present substitute for the old illegal gaming dens, though probably people in England can never appreciate the wide difference between the circumstances of Hong Kong and those of a European state in relation to such matters.

I have, &c.
(Signed) RICHARD GRAVES MACDONNELL,
Governor

The Duke of Buckingham and Chandos,
&c. &c. &c.

Encl. in No. 1.

Enclosure in No. 1.

The DAILY PRESS, Thursday, May 28, 1868.

The Council met, according to appointment, on Saturday, at 4 p.m.

[This Report will be found as an enclosure in Governor's Despatch, No. 534, June 25th, 1868, page 8.]

No. 2.

No. 2.

Copy of a DESPATCH from Governor SIR R. G. MACDONNELL, C.B., to his Grace the Duke of BUCKINGHAM AND CHANDOS.

(No. 534.)

Government House, Hong Kong, June 25, 1868.

Received 15th August 1868.

(Answered, No. 149, September 2, 1868, page 66.)

* Vide Papers
presented
15th June 1868,
page 51.

MY LORD DUKE,

IN my Despatch No: 485*, of the 21st April, I alluded, in connection with the subject of the licensed gaming houses, to some resolutions passed by the Chamber of Commerce antagonistic to the policy of the Government.

2. Last month the half-yearly report of the Chamber was adopted, and though the views of its members seemed considerably modified since their first meeting, a paragraph in the report which indorses those resolutions was adopted.

3. As the discussion in the Chamber had neither by the information it supplied, nor I may say in any other way, justified the action taken, whilst of the two resolutions passed, the second, which affirmed the ability of the police, aided by the Chinese, to put down gambling, was not supported by the majority of the meeting. I considered that the Chamber had exhibited an undue precipitancy in the matter. Therefore, though it was easy to find, from the comments passed on the discussion here, that it was unlikely to have any injurious local effect, I nevertheless could not but feel that unwarrantable prejudices might be created elsewhere by the circulation of a report emanating from a body with so imposing a title as that of a Chamber of Commerce. I therefore decided that it ought to be noticed.

4. I had, however, some difficulty in officially obtaining possession of a copy of the report, but when I did receive it, I caused a reply to be sent by the Colonial Secretary, and made that reply as complete as I could, in point of information, as to the true position of the licensees and the Government.

5. I have now the honour to enclose a copy of that reply, and I may add that I intend to circulate it extensively.

I have, &c.
(Signed) RICHARD GRAVES MACDONNELL,
Governor

His Grace the Duke of Buckingham and Chandos,
&c. &c. &c.

Encl. in No. 2.

Enclosure in No. 2.

(No. 301.)

Hong Kong,
Colonial Secretary's Office,
June 25, 1868.

SIR,

1. I AM directed by His Excellency Sir Richard Graves MacDonnell to acknowledge receipt of your letter of the 18th instant, covering copy of a Report of the Committee of the Hong Kong General Chamber of Commerce, for the half year ending May 1868.

2. The following paragraph occurs in that report:

GAMBLING LICENSES.

The system of licensed gambling, and its alleged evil effects on the trade of this colony, has received the consideration of your Committee, also that of the body of the Chamber; indeed, it would have been hardly possible for this Chamber to ignore the strong opinions adverse to the gambling system

which were being expressed by members of the foreign mercantile community, and by the most respectable of the Chinese traders. A general meeting of members was called to discuss the subject, and at the meeting resolutions were passed, embodying the opinion of this Chamber, that the system is one which is injurious to the trade of the colony. Since the meeting, your Committee have taken no further steps in the matter, nor are they aware of the intentions of the Local Government with reference to the system; it is pretty well understood, however, that the Home Government are averse to it, and it is to be hoped that Her Majesty's Principal Secretary of State for the Colonies will send out orders for its suppression. Your Committee hope that, should this not happen soon, their successors in office will not slacken in their endeavours to remove from Hong Kong a system which is doing much mischief, and is discountenanced by every respectable government.

3. However excellent the motives which prompted the resolutions to which the above observations apply, it will appear on examination that they are based on singularly incorrect notions, but being vouched by a body having a title so respectable as that of a chamber of commerce, they may be regarded as acquiring thereby a right to a public refutation.

4. This object will be in a great degree attained by annexing hereto in a revised and more complete form the explanation given to the Legislative Council on the 23rd May, by the Governor, who then entered into details as to the position of the licensed gaming houses, and their apparent effect, so far as the experiment had then proceeded, in diminishing crime, more especially larceny amongst servants.

5. The Governor might append a still more powerful condemnation of the action taken by the Chamber of Commerce, by simply reprinting the report of the meeting of the 3rd April last, at which the resolutions of the Chamber were adopted, to which the above paragraph of the last half-yearly report refers. The reasons then given and the arguments then advanced by some members would probably be thought by the general public to constitute the severest commentary on the propriety of the course followed by a body which, in the useful fulfilment of the functions ordinarily attributed to a Chamber of Commerce, might have been expected to have brought to the examination of such a question a careful preliminary examination of the facts which it vouched, and the assertions which it endorsed.

6. It was in vain, however, that some gentlemen urged on the Chamber the propriety of making inquiries into the subject. Of the 13 gentlemen out of 37 who attended the meeting there was a majority in favour of expressing an immediate opinion, and this haste led to the adoption of the extraordinary resolution that a measure which had almost broken up the illegal gaming haunts of the criminal population had "injuriouly affected the trade of the colony."

7. One gentleman indeed asserted that "trade to his knowledge had fallen off 25 per cent. among the small traders who had no doubt given up their business because they thought they could make an easier living at gambling!" The same gentleman, who it may be remarked was not even accurate in the facts *which he could have ascertained*, and who over estimated the amount of the annual license fees paid to Government by nearly \$100,000, argued as follows: "The 7 per cent. (on the profit to the licensees) must be made from all bets out of which the \$250,000 (?) paid to the Government was supposed to come, and he would like to enquire what amount of gambling capital must be involved in the affair in order to produce a profit to the farmer. Mr. Taylor had suggested a total profit of \$500,000 (!) and this at 7 per cent. would produce over \$7,000,000 of capital," &c., &c., &c.

8. It is to be hoped that the mercantile business of the eminent firms represented by some gentlemen at the meeting is not always conducted on a system which has no better foundation than the above argument.

9. Nothing, however, appeared too unlikely, or was actually too inconsistent with fact for the indulgent humour of the Chamber on that occasion. Thus Mr. Taylor, the originator of the meeting, and a gentleman for whose singleness of purpose and upright motives his Excellency has the highest respect, appears to have been so amiably credulous as to inform the meeting, that "when the governor first came to the colony he had put down gambling for about two weeks without himself knowing it. *He had sent round officers to say he would not allow gambling in any form*, but the Chinese after waiting for a fortnight saw no proclamation on the subject and heard nothing further, they consequently concluded that they were the words of a man who did not mean what he said," &c.

10. It seems almost incredible that any grown-up person could have believed that the Chinese secret gaming haunts which had for years been kept in full operation despite of the police and the laws, should suddenly have been closed at a rumour that the Governor intended to issue a "Brutum fulmen" in the shape of a proclamation requesting obedience to laws which had been for years openly defied notwithstanding the heavy penalties for their infringement. It is due to the Chinese, whose sagacity is impugned, to say that there never was any foundation whatever for such an inference. It is merely true that the illegal houses were closed, but for a reason which effectually disposes of Mr. Taylor's argument as appears from the annexed letter of the then acting Registrar General, Mr. Tonnochy, (Appendix B.) Their temporary closing was caused by a rumour that Government intended to establish the present system of licensed houses and the consequent wish of the owners to compete for the expected new licenses, as also by the hopelessness of keeping illegal houses open despite the vigilance of the native licensees. The whole affair, however, took place without the interference or even knowledge of the Governor, and is almost conclusive as to the soundness of the policy since adopted.

11. Nothing, however, but a republication of the whole debate, illustrated as its character was by the common sense observations of Mr. Bosman, could give an adequate impression of the imperfect evidence and strange arguments brought forward to justify an expression of antagonism to the policy of the Government and the hasty action of a Chamber, whose proceedings can claim no title to authority unless based on the fullest information.

12. It is, however, due to the majority of the small number of gentlemen present to make known that they declined to vote for the second of the two resolutions passed. It therefore was only adopted by a minority of 6 out of 13 present.

13. This result is not surprising when the nature of that resolution is stated. It was as follows:—

“That it is the opinion of this Chamber that our present police force with the aid of the influential portion of the Chinese trading community (which would be readily given) are quite competent to suppress gambling.”

14. The assertion that the Chinese community, who can hardly be induced to co-operate in the detection of crimes such as kidnapping, which most nearly affect themselves, should be counted on as active auxiliaries by a body of merchants acquainted with their selfish habit of keeping aloof from every business which does not individually concern them, evinces a very sanguine frame of mind on the part of those who voted for that resolution. Moreover, as the risk of punishment and even of assassination by those connected with illegal gambling has been shown by past experience to be no imaginary danger, whilst the vice, which the influential Chinese are suddenly expected to aid in suppressing, is one in which they themselves as well as nine-tenths of their countrymen indulge, the expectation that they could or would give effective aid to the police exhibits a very simple and trusting faith.

15. The other part of the resolution as to the competence of the police to put down gambling might have been regarded as disposed of by the actual experience of the past. His Excellency, therefore, still holds that opinion in the absence of any additional reason to the contrary, whilst he also ventures to think that it is just one of those points on which the Executive is entitled to speak with some authority as naturally possessing the most direct and authentic information on the subject.

16. As, however, the resolution was virtually repudiated by the majority of those present, it is unnecessary to allude further to it here. What the police may be able to effect will be better ascertained hereafter, as permission has been lately given to use the license fees for the improvement of that force, but, however improved, it is probable that they can never command the same amount of information as the Chinese licensees of the gaming houses, who have lately been induced to become most able auxiliaries of the police, not merely in detecting attempts to start illegal gaming haunts, but also in supplying information leading to the arrest of dangerous characters and returned convicts.

17. The annexed explanation given by the Governor to the Legislative Council, affords a clue to the real motives of those Chinese who advocate a return to the old system, and contains much of the information which the Chamber might have been expected to have sought before expressing an opinion, especially as the readiness of the Government to supply information is generally known, and in this case was particularly communicated beforehand to the Chairman of the Chamber.

18. In conclusion, I am desirous to state, that there is perfect harmony of opinion between the Governor and this Chamber in all that can be affirmed as to the injurious effects of gaming in the abstract, and the disagreeable nature of the alternative, which circumstances peculiar to this colony have pressed on the Executive here. This Government, however, had only a choice between the vile past and a modification of it by calling in the interested assistance of the Chinese, and permitting that to be done under regulated surveillance, which was formerly done under circumstances fraught with far more dangerous consequences to the community.

19. Nothing has yet occurred, and nothing has been proved to show that the choice made by the Government was not the best for the public interests, and his Excellency believes that such is the opinion of the most numerous and most intelligent portion of this community.

J. W. Wood, Esq.,
Secretary of the Hong Kong Chamber of Commerce.

(Signed)

I have, &c.

J. GARDINER AUSTIN,
Colonial Secretary.

APPENDIX A.

Legislative Council, May 23, 1868.

The Council met, according to appointment, on Saturday, at 4 P.M.

GAMING LICENSES.

The Honourable W. Keswick, wished to know if he should be in order in asking his Excellency whether anything could be stated in reference to the money received under the Gambling Ordinance.

The Governor said that properly speaking notice ought to have been given of such a question. It was rather a difficult one to answer completely. There was much explanation which might be given, and a great deal which it was important that the Council should know, but if he were even to limit himself merely to correcting the mis-statements which had been made in connexion with the subject, all the time which they had at their disposal for legislation would be taken up. He was quite ready, however, (but only with the permission of the council, as it would be a departure from the usual routine,) to answer Mr. Keswick's question.

His answer was, that there had been no change whatever in the aspect of this matter. Nothing had been yet settled as to the disposal of money received as license fees, since the subject was first mooted. The original problem still remained unsolved, namely, what to do with the money if it were taken, or how to achieve the results required if it were not taken. He would, however, like the Council to know how consistent the policy of the Executive had been in this matter from the first. [His Excellency here sent for a volume of despatches, and read some extracts from 1866 to 1868]. So long back as the 9th of May 1867, he had said that if the Home Government could devise any simple method of relieving the police from the harassing and demoralizing duty of suppressing secret gambling houses he would be glad to try it. Nevertheless, he was far from saying that he had exhausted all the means possible to imagine, because he had tried all which he could himself think of. He went on, he said, in that despatch to state that the Executive Council agreed with him in thinking there was no other effectual plan to suppress secret gambling with its peculiar ill consequences, but that of enlisting the aid of Chinese on behalf of the objects which the Government had in view by giving them a pecuniary interest to support the views of the Government.

Again, on the 29th May last year, he had argued that it was impossible to expect the hearty co-operation of the Chinese, unless the amount charged for the licenses was sufficiently high to leave a

margin of profit only sufficient to make the licensees careful to avoid penalties imposed for faults, either of omission or commission. Therefore any project for the issue of licenses which excluded receipt of fees altogether would *ex necessitate rei* fail to accomplish the most legitimate purpose of such licenses.

From that day to this (and there were some earlier despatches on the subject which he had not at hand just then), the opinions of the Government on this subject had been precisely the same. He could not in fact give Mr. Keswick a clearer insight into the views of the Government than was contained in a speech of his addressed to the Council in August last, in which he had said, "Whatever addition comes to your means from that source, can only be viewed as the accidental and unsought result of a policy to which the Government is reluctantly driven in pursuit of an object of great public importance, and one which is entirely distinct from the acquisition of revenue."

He had gone on to allude in the same speech to the imputations of interested motives on the part of the Government which were so easily made, but which were without logical force till it could be shown that the Government would have been justified by some abstract principle of a lazy and easily satisfied morality in folding their arms, and doing nothing to repress acknowledged evils and nurseries of crime, or on the other hand till it could be shown that, so long as he was bound to consider himself free to use the funds accumulated from license fees, he was not also bound to consider how that money, like any other money in the Treasury, could be best applied, whether in payment of the Colony's liabilities, relief from taxation, or otherwise. Once the money was in the Treasury he had no choice but to deal with it in some way, as he could not possibly ignore its existence. The necessity, however, for so dealing with it gave neither fairness nor force to the argument occasionally put forward that because he had alluded, as bound to do, to the palpable duty of appropriating in some way public money accidentally accruing from a police measure, he had therefore framed the police measure for the purpose of creating a revenue. Nevertheless that assertion had been frequently and probably would be again repeated, though all the correspondence from the earliest date and the whole tenor of his policy gave it the most complete contradiction, for to no one would it be such a relief as to himself personally to find that either through the action of Her Majesty's Government or some other cause the experiment had become suddenly freed from the invidious and embarrassing questions attached to receipt of money.

If anyone could invent some preferable and equally effective means of breaking up the confederations of bad characters in illegal gaming haunts, and getting rid of the incubus of increased revenue with which the Government was now burdened, he would regard him as a great public benefactor. The Council, however, was aware that no such plan worth five minutes attention had hitherto been suggested.

They must, moreover, remember that they were not dealing with any imaginary evil. He had long since furnished to the Secretary of State proof that, in 1865, although 45 illegal gambling haunts had been broken up from time to time in that year, from the 1st January to 1st September, nevertheless 35 were known to be in existence at the latter date, a number thought to be even somewhat in excess of that at the commencement of the year, thus proving that all the efforts of the police never sensibly affected the number of secret gaming haunts formerly in existence, places which as the Council was aware were the rendezvous of the worst characters, and where most burglaries and serious crimes were planned. On the other hand, he would now venture to say that the experiment which had been recently tried had been successful in effecting at least the almost total suppression of illegal public gaming places.

His attention, from the first, had been directed,—as his earliest despatches would prove,—to the danger lest the licensed houses should be frequented by clerks and servants and thus lead to losses, tempting people of that class when they lost by gaming to commit robberies. He had instituted an inquiry, however, as to the number of larcenies by all classes of servants which had taken place during several periods, formerly and recently, and he now laid on the Council table a return which he had transmitted to Her Majesty's Government of the average number of cases during 13 weeks of each year, from 1865 to 1868. It thence appeared that for *each* 13 weeks in 1865, there had been 76 convictions and 10 cases discharged; in 1866, 58 convictions and 17 cases discharged; in 1867, in 13 weeks previous to September, when the gambling houses were first opened, 66 convicted and 21 discharged, and in 13 weeks subsequent to the inauguration of the present system, 67 convicted and 15 discharged. Hence it appeared that the average number of larcenies by servants had not increased on opening the licensed houses. That was a satisfactory commencement, but the Council would perhaps scarcely be prepared for the remarkable decrease in that class of offences which had since resulted.

In connexion with that important subject he would mention that immediately after the present houses were opened, he had drawn attention to the necessity of preventing servants from going to these places. The licensees exerted themselves to prevent this, and he allowed them to recoup themselves for the losses which they thus incurred by a proportionate reduction of the fees. The fees, indeed, had been reduced subsequently, until at the last payment they were at the rate of \$14,500 a month, instead of \$21,000, as at first. Well, the result of the efforts which the licensees made was that the figures, taking an average of 13 weeks for this year, had come down to 40 cases, that is *to less than half what they had been for the same period during the previous three years*. Including cases reported where the offenders had not been caught, *an item not in the old returns*, the number was only 46 for the whole of last quarter.

There could be no record of course of the actual number of gamblers as compared with those of former times, but it was only natural to infer that if there was a great diminution in the crime of larceny by servants, it was very unlikely that theft, occasioned by loss of money through gaming could have increased. It had to be remembered, moreover, in reference to the figures just quoted, that the Police returns were much more accurately kept now than formerly, and that we might be sure all cases were recorded, though this could by no means be said in reference to former years. Consequently the argument in favour of the probable recent diminution of larceny by servants was all the stronger. Very few of the better, or of any class of servants or Chinese clerks, could now obtain admittance to the

gambling houses. To effect this the licensees no doubt incurred considerable loss, but the Government was happily able to make it worth their while, in consequence of the present arrangement by which *the amount of the monthly fees payable by the licensees rose or fell in proportion to their exertions to carry out the objects of Government.* The licensees had now engaged a superior class of men to identify the players, and the difficulty would probably be soon surmounted of fixing the license fees at such a figure that, while it would leave the licensees profits worth having and working for, it would not render them indifferent to any additional fines which might be imposed by the Government.

One difficulty, however, could not be got over, but this of course had existed before the present system was introduced, just as much as now. There were always private clubs to which the better class of compradors, and those really trusted by foreign firms with large sums of money, could go for the purpose of gambling. At those clubs large sums were lost far larger than any which were ever staked in the licensed houses, and it was obvious that the risk incurred by mercantile firms, through gambling losses by their employes, would be but little diminished if every licensed house was suppressed so long as the compradore clubs were left open and the high play which took place there continued.

Some people might ask how it was, that any illegal gambling houses should be occasionally opened now. That had puzzled himself at first, but the explanation appeared to be that while at the licensed houses the bank charged a commission of 7 per cent., the illegal houses held out the inducement of only charging 3 per cent. Now, as to that point, he would certainly not encourage gambling by making the licensees reduce their commission. Moreover, no articles of jewelry could be staked at any of the legal houses, except the common Chinese gold rings, which, indeed, were not taken in pledge, but simply purchased for their weight as metal, the vendor staking money. At the other houses stolen jewelry, and every sort of property, could be pawned and staked against. Moreover, there was a large class of persons who were known to the police as old or notorious offenders, and who could not venture to frequent the licensed houses, whilst the licensed houses were of course obliged to be shut during Sundays or 52 days in the year, a circumstance which worked in favour of illegal or any other gambling haunts that might remain open, whilst the licensed houses were shut, amongst a people so prone to indulge in gambling as the Chinese visitors to and residents in this city.

Reverting now more immediately to Mr. Keswick's question, he must repeat that none of the money received under the license system could as yet be considered available for public purposes. He would not deny that his reason told him that inasmuch as this money had really accrued accidentally, in consequence of a measure which was introduced solely for police purposes, it was unwise not to use it. Still he could not help a certain sympathy with those who cried out, however wildly, against the acquisition of a revenue from such a source as this, and the Council must not expect him to exert himself personally to obtain the use of that money for the Colony. Nevertheless, that point was one of detail, and not of principle. If it were the only difficulty the money could be thrown into the sea, and the question be at once disembarrassed of that casual encumbrance.

The amount charged, which had already fallen to \$14,500 a month, might perhaps eventually be reduced to \$12,000, if that sum proved sufficient to secure the zealous co-operation on the part of the license holders, so that whilst securing fair profits they might be enabled at the same time to render their establishments more efficient for police purposes. As yet, however, the experience of Government had not been sufficient to justify more than conjecture on that point.

On the whole he thought that every dispassionate inquirer must admit that the system had diminished crime. He declined, however, to argue with those who virtually maintained that a government was bound rather to ignore the existence of a vice and tacitly permit its continuance to the injury of the public interests, rather than take any measure to suppress it, which, admitting the truth of its unavoidable existence, endeavoured to control what could not be suppressed. There certainly was no room at all for doubt that recent measures had increased the efficiency of the police, by removing the chief element of corruption, viz., the receipt of bribes for their protection of the illegal houses which kept them on pay. That, moreover, was the opinion of the Chinese themselves. When he had lately received a number of respectable Chinese residents to confer with him as to the Kidnapping Ordinance, the subject of gambling had then arisen, and they all admitted the general diminution of crime and the great improvement in the Police.

Nevertheless several had declared themselves desirous that the recent legislation should be done away with. It was some time before he could reconcile this wish with the admissions which they had previously made, till he found that they shrank from the responsibility thrown on them by the Registration Ordinance, which compelled them to take care that the houses of which they were owners should not be converted into gambling houses or houses of ill-fame. He therefore specially warned them that they must never under any circumstances expect to see that arrangement modified, and he would now warn the Council that when they heard of any feeling on the part of the respectable Chinese against the licensed gambling houses they might rely on it that such feeling, if it existed at all, was merely a selfish dislike in nine cases out of 10 to the responsibility imposed on landlords by the new Registry Ordinance for the conduct of their tenants in certain matters, whilst so far as he could judge from his interviews with the better class of Chinese, the latter mixed up the two questions, and supposed that if the licensed houses were closed, their responsibility under the Registration Ordinance would cease. In point of fact they sought thereby what was opposed to their real interests, because the establishment of places where play could be legally followed diminished the responsibility to which they objected, as it left less temptation to their tenants to start illegal gambling in their houses, and he had tried to explain this to them. These discursive remarks, however, the Governor said, had better come to an end, though the statement which he had been led by Mr. Keswick's question into making would probably not be without interest to the community.

The Chief Justice asked what was the total amount of the sums which had accumulated under the gambling licences.

The Governor said about \$155,000.

Mr. Ryrie asked if the Governor thought it likely that the keepers of the houses really would exclude respectable persons.

The Governor thought that all foreigners of respectability would be able to gain admittance, but that the majority of the upper class of Chinese servants would certainly find it necessary to go to their own clubs.

Mr. Ryrie said these measures were not found necessary in other large Eastern cities.

Judge Ball said that there could be no doubt about the fact that crime had diminished in this colony.

The Chief Justice corroborated this.

Mr. Ryrie asked whether it could not be attributed to something else than the gambling houses.

The Chief Justice said that the depression of trade would naturally have the effect of increasing crime. What did Mr. Ryrie allude to?

Mr. Ryrie would not pretend to find an explanation himself.

The Governor said that if anyone wished to bring forward a motion to test the opinion of the Council on this subject, he had no objection, provided it could be done consistently with the rules which governed their proceedings as a legislative body. The Council, he was sure, was not a body which would form an opinion hastily or without taking trouble and ascertaining facts.

Mr. Ryrie thought there must be some other means of stopping crime; other governments did not find it necessary to resort to this expedient.

The Governor said that the circumstances of Hong Kong were altogether peculiar, and they must adapt themselves to circumstances, if they could not bend the latter to their will. Most unquestionably such a policy would in Europe be wholly unjustifiable, and in England would be at once criminal and disreputable.

APPENDIX B.

MY DEAR DEANE,

Harbour Master's Office, June 24, 1868.

In answer to your inquiry I must tell you that I can perfectly recollect the gambling houses *all* shutting up for the space of ten days or a fortnight about this time of the year 1866.

The fact was reported to me, and I made special inquiries on the subject as it seemed rather a strange circumstance for them to shut up *when there was no appearance of extra vigilance on the part of the authorities*. I was informed that there was a rumour flying about among the Chinese that his Excellency the Governor was about to license gambling on condition that then and there all unlicensed houses were shut up; and that tenders would be shortly invited for the monopoly. The owners of unlicensed gambling houses shut up their houses instantly, and, while some busied themselves about corresponding with their Canton and Macao friends, and endeavouring to raise money for the purchase of the monopoly, others, the owners of the lowest houses, were in a state of alarm at the prospect of the speedy stoppage of their nefarious trade, knowing that however easy it might be to evade the vigilance of foreigners, *they could not escape the spies of the native gambling farmer*. During this time every house, as far as I could ascertain, was shut up; the panic, for I can call it nothing else, lasted for about ten days, when the Chinese, seeing that no tender was invited, fell back on their old system. During this time two or three Chinamen came to me with inquiries in regard to the intentions of Government as to gambling.

W. M. Deane, Esq.,
Acting Superintendent of Police.

Yours truly,
(Signed) M. S. TONNOCHY.

No. 3.

No. 3.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to his Grace the Duke of BUCKINGHAM AND CHANDOS.

(No. 540.)

Government House, Hong Kong, July 9, 1868.

Received 29th August 1868.

MY LORD DUKE,

(Answered No. 176, Oct. 23, 1868, page 66.)

I HAVE the honour to acknowledge the receipt of your Grace's Despatch, No. 80,* of the 30th April last, relative to the disposal of the receipts unavoidably arising from the present system of licensing a limited number of gaming houses for the purpose of suppressing more objectionable and dangerous haunts of gamblers. *Vide Papers presented 15th June 1868, page 63.

2. It is quite true, as your Grace observes, that the object of the ordinance under which the money in question has been obtained, is the gradual control and ultimate suppression of those establishments, and that such end should be kept steadily in view.

3. Nevertheless, though the clause alluded to in the ordinance was originally draughted by myself in 1866, the year of my arrival here, and though at the time I was sanguine that the ultimate suppression of gaming here was a reasonable and practicable object, I would not be dealing candidly with your Grace if I were to leave you under the impression that with the light of two more years' experience to guide me, I still suppose such ultimate object, viz., total suppression of gaming, can be accomplished here, at least without an inquisitorial and severe system of legislation and punishment entirely opposed to the spirit of English jurisprudence.

4. As, however, such object is unquestionably the one which should be kept before the Executive, it is a duty, that whenever it be practicable, all our legislation and efforts should be directed to its attainment, whether it be possible soon or be indefinitely remote.

5. To induce men of respectability and reliable honesty to enter the police force, and when they had obtained adequate local experience, *to remain in it*, would require a very large increase to their present pay, not less perhaps than 50% per annum to each of the 60 European privates, 150% to each of the 10 sergeants, and a similar sum to each of 11 inspectors; an annual increase in the pay of the European portion only of the force of \$30,000.

6. Probably good men, for persons of that class of life, could gradually be obtained on those terms, but after arrival here, and supposing the present licensing system done away with, there would be no guarantee that persons of such a class would long refuse bribes from illegal gaming houses, though retaining the increased pay given for the purpose of ensuring their honesty. I fear the temptations in this climate to intemperance, and to various irregularities, which sooner or later sap the better principles that may have actuated men of that class at starting, are such that no mere increase of pay would long give the Government any adequate security against a return of the old system of venality and corruption. This is all the more probable, when it is considered that with the abandonment of the present system there would be the temptation of bribes offered, and the inducement of diminished pay to take those bribes, for the means of increasing the police pay would be at an end along with the licensing system.

7. On the other hand your Grace must bear in mind, that so long as the present licensing system is continued, there is little or no possibility of the police being corrupted as formerly, because it is not worth any one's while to bribe them, and hence the system may in that respect be regarded as completely self-acting.

8. I thence infer, that whether the present system be continued, or the old be reverted to, any large increase of pay merely would not effect any proportionate good. At the same time it is very desirable, if the Government expects any really cordial assistance from the police, that the status of a constable here be made both more comfortable and more respectable than at present. For this purpose I would long since, if the Colony had the means, have proposed a moderate increase to the pay of some members of the force, in the hope of inducing them to look to it as their permanent home, and I would also have advocated an increase of about 20 in the European portion of the force.

9. I propose to effect the former object in the shape of good conduct pay, revocable at pleasure, and which shall not entitle the recipients to increase of pension or gratuity, and shall only continue during meritorious conduct. I see, however, no necessity for the amount exceeding in the whole force (600 men) more than \$20,000 per annum.

10. There are, however, other things equally essential to inducing good men to remain in the force. There is still much to do for improvement of their quarters and mess, &c., though much has already been effected in those matters since my arrival. Discontent has also been created by the unhealthiness of some of the out-stations, and I admit no complaint to be more reasonable than complaints founded on the unnecessary wear and tear of health of those who serve a government, if the latter can prevent it.

11. From two stations in particular, Sowkewan and Aberdeen, the men on duty have lately had to be invalided one after the other. The proposed release, however, of the receipts from licenses for police purposes will fortunately enable me to remedy these evils, though at a considerable outlay at first.

12. I would also propose to increase the force by seven or eight reliable men, if I can procure them, to watch the different gambling houses, for the purpose of noting and reporting the manner in which not merely the actual printed Government regulations, but the collateral objects of Government, such as the exclusion of house servants, clerks, &c. is attended to. This, however, would be a matter of some delicacy and difficulty; for the moment I give any of the police a special charge over the proceedings of the licensees there arises the old danger of corruption and squeezing. Nevertheless, I think I see my way to effecting this object hereafter, though it will entail an expense of about \$9,000 per annum. It is, however, an object intimately connected with the operation of the ordinance.

13. I am also recommended by my Executive Council to procure, as soon as possible, a couple of steam launches, to assist the police in their arduous duties in the harbour and at the out stations. Nothing but the cost has prevented my applying long since for something of the kind, as much of the toil of rowing night and day in all weathers might thereby be spared to the men, whilst the police business of the stations and harbour and the frequent visits to vessels might be got through with much saving of exposure, and far greater efficiency if the colony possessed such launches.

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14. It would also appear that the time has arrived for exchanging the present colonial junk for a more suitable vessel, if an opportunity of procuring one offers. So much time is wasted in visiting the stations that the harbour master is not able personally to inspect the latter nearly so often as is desirable.

15. I do not, however, think it essential to maintain a steam colonial gunboat. My reasons for that opinion are already assigned in my Despatch, No. 186. It would be far cheaper, and answer nearly as well, to purchase a commodious schooner of 150 tons, that would carry 100 police, if necessary, and which could also convey the harbour-master and his staff, or myself and suite on the frequent tours of inspection that are necessary. Such a vessel could be easily manned from the water police, and there need be no expense involved in her annual maintenance beyond that at present entailed in keeping up the present junk.

16. With the advice of my Council, I therefore propose to build a suitable schooner here, and to sell the junk, as also to build two steam launches.

17. The carrying out of these various suggestions, and others to which I have not alluded, will dispose of a considerable portion of the accumulated license fees, but the result will probably be a far more efficient police force. It will certainly be more capable and will probably be animated by a better disposition to co-operate with the Government in its efforts to control the crime producing vices of the native population, which justify the proposed expenditure on the police, because they necessitate the maintenance of a force otherwise disproportioned to the extent and numbers of this community.

18. I have only to add that by the advice of my Council I have now directed the Treasurer no longer to include the license fees under the head of unavailable monies, as it is impossible to say what portion, if not the whole of them, may be required for use. It is at least certain that large sums will be at once availed of. From the enclosed latest Weekly Return of the Treasurer, your Grace will perceive that the amount in hand which will now become available from that source is \$169,500.

19. I trust the projected action of this Government for the re-organization and strengthening of the police will meet your Grace's approval. The policy suggested appears so obvious an improvement, if any change is to be made, that with the advice of my Council I shall take immediate action for the purpose of carrying them out.

I have, &c.

(Signed) RICHARD GRAVES MACDONNELL,
The Duke of Buckingham and Chandos, Governor.
&c. &c. &c.

Enclosure in No. 3.

Encl. in No. 3.

STATEMENT showing the Amount of all Funds in Custody of the Colonial Government.

	\$	c.	UNAVAILABLE.	\$	c.	\$	c.
In Treasury - - - - -	13,950	78	Judicial deposits - - -	66,361	56		
„ strong vault - - - - -	131,500	0	Deposit to credit of Sikh police				
„ banks at interest - - - - -	240,000	0	force to pay their passage home				
			when dismissed from service -	1,034	0		
			Licensed houses security - -	21,000	0		
			Do. fees received from 17th				
			September 1867 to 15th June				
			1868 - - - - -	169,500	0		
			Unavailable by reason of special				
			difficulty in using them :—				
			Subsidiary coins - - -	58,928	78		
						316,824	34
			AVAILABLE.				
			Balance - - - - -	—		68,626	44
Total - - - - - \$	385,450	78	Total - - - - - \$			385,450	78

Colonial Treasury, Hong Kong, July 6, 1868.

(Signed) W. H. ALEXANDER,
Acting Treasurer.

FURTHER CORRESPONDENCE

RETURN of the Subsidiary Coins received and issued at the Treasury, from 1st to 4th July 1868, inclusive, beginning September 17, 1866.

Description of Coins.	Received.	Issued.	Total Issued.	Description of Coins.	Balance remaining.		Total Balance.
					Treasury.	Vault.	
	\$ c.	\$ c.	\$ c.		\$ c.	\$ c.	\$ c.
Amount issued as per last return	-	-	209,487 04	20 cent. pieces	407 0	6,000 0	6,407 0
20 cent. pieces	724 0	1,029 60		10 "	490 40	8,000 0	8,490 40
10 "	516 20	1,307 10		5 "	609 50	1,000 0	1,609 50
5 "	-	72 50		1 "	921 88	24,500 0	25,421 88
1 "	338 02	3 85		Mil "	-	17,000 0	17,000 0
Mil "	-	-					
	1,578 22	2,413 05	2,413 05		2,428 78	56,500 0	-
Total issued to date			\$ 211,900 09	Total balance on hand		\$ -	58,928 78

Colonial Treasury, Hong Kong, July 6, 1868.

(Signed) W. H. ALEXANDER,
Acting Colonial Treasurer.

WEEKLY RETURN of the STATE of the COLONIAL TREASURY.
ABSTRACT showing the Monies received and paid by the Colonial Treasurer, and the Balance remaining under his separate charge, at the end of the Week, Saturday July 4, 1868.

Date.		Amount.	Date.		Amount.
1868. From 1st to 4th July.		\$ c.	1868. From 1st to 4th July.		\$ c.
	Balance in the Treasury	24,915 61			
	RECEIPTS.			PAYMENTS.	
	Land revenue	4,688 23		Salaries, contingencies, &c. for June	29,946 61
	Rent, exclusive of lands	1,008 0		Charitable allowances	60 0
	Licenses	7,845 0		Miscellaneous services	46 44
	Taxes	4,563 93			
	Stamps	2,511 10			
	Postages	2,208 80			
	Fines and fees of courts	20 0			
	Fees of office	241 50			
	Reimbursements	16 25			
	Miscellaneous	861 51			
	Ordinance, No. 10, of 1867	123 90			
	Withdrawn from the strong vault	5,000 0		Deposited in strong vault	10,000 0
		\$ 54,003 83		Balance remaining in the Treasury	13,950 78

(Signed) W. H. ALEXANDER,
Colonial Treasurer.

No. 4.

No. 4.

COPY of a DESPATCH from Governor Sir R. G. MacDONNELL, C.B., to his Grace the Duke of BUCKINGHAM AND CHANDOS.

(No. 571.) Government House, Hong Kong, September 16, 1868.
Received 9th November 1868.

MY LORD DUKE,
1. I HAVE the honour to enclose a return of the number of larceny cases by servants for the second quarter of the current year, and in doing so I have great satisfaction in drawing your Grace's attention to the marked diminution in crimes of that class.

Encl. No. 1.

2. It is true that there is a perceptible and remarkable diminution of crime in the Colony generally. It would, therefore, be natural to expect that crime, by so numerous a class

as that of servants, would be found to decrease equally with crime amongst other classes, but not merely is this the case, but the ratio of that decrease is found to be far in excess of that which has taken place in any other portion of the community.

3. There were 31 servants arrested on charges of larceny, and either convicted or discharged during the 13 weeks of the second quarter of this year. During the first quarter there had been 40, whilst during the last quarter of 1867, as appears from the return transmitted in my Despatch, No. 485,* of last April, there had been 82, and for several previous years the number of servants arrested per quarter for larceny averaged between 80 to 90.

* Vide Papers
presented
June 1868,
page 51.

4. It hence appears that the above special crime, as tested by the standard of arrests for larceny, has actually decreased more than a fourth as compared with former years, and almost one half as compared with the first quarter of the present year. That marked and continuous decrease has taken place since the commencement of this year, or in other words, since I have been able to mature plans for the exclusion of servants from the public gambling tables, a measure in which I am bound to say that I have received the most hearty and effective aid from the licensees.

5. I therefore consider that where the cause and effect are, as in this case, so proximate and so plain, it may fairly be inferred that larceny by servants has declined because they have less inducement now than formerly to incur debt through gambling, owing to their exclusion from the licensed houses, whilst illegal gaming haunts have practically ceased to exist. They are thus constrained, as it were, to keep aloof from the chief incentive to crime, and so far it seems impossible to deny that the licensing system has been the cause of a most extraordinary improvement in that class of persons whom it was supposed especially calculated to injure.

6. This is one of those results which so often baffle previous speculation in questions of political economy, whose complete scope and development it is difficult to foresee, because accurate calculation is prevented by the impossibility of taking in beforehand at one view the whole of the field destined to be occupied by results of a new policy. A most cursory glance at my own despatches, in connexion with the establishment of licensed houses, will show how difficult it was to foresee the action necessary to proportion the amount of license fees to the police purposes, which alone they were designed to promote, and, but for long previous experience as to the uncertainty of such experiments, I might not, from time to time, have been so careful to warn your Grace of the entirely experimental and tentative nature of the system which the necessity of self-defence had compelled me to organize.

7. I have now to report a recent and striking illustration of the difficulty of foreseeing results in such cases. I had for some time been anxious to exclude all foreigners, in fact, all but persons of Chinese, Malay, and Indian race, from entering the playhouses, and I was quite prepared to make any and every reasonable reduction in the amount of fees payable by the licensees in compensation for the loss, which I supposed would result to them from diminishing the number of their customers, especially in the class which occasionally played for the highest stakes.

8. As events had progressed, I could not but feel that, although it might be and certainly was true that the propensity to gambling amongst the Chinese population was so irrepressible as to render the substitution of some system which permitted it, under the control of Government surveillance preferable to its secret continuance, accompanied by evils leading to crime and police corruption, it did not therefore follow that the objects of the new system justified the Government in legalizing the resort to gaming houses of classes not implicated in the commission of crime or corruption of the police. To do so, would be to extend the licensing system beyond its professed limits, whereby it was from the first intended to confine it strictly to purposes of police necessity.

9. It was necessary, however, to ascertain previously how many people frequented the houses, and therefore, with this object, a large number of the police and others were employed sufficient to prevent the spell of duty of any one being so protracted as to render him careless or unequal to the duty. I may say that the greatest pains were taken in getting up the return, and it was my intention to have earlier forwarded it to your Grace, but unfortunately Mr. Deane, the acting superintendent of police, has been some weeks absent on leave, and the copy which I possess has been freshly compiled from the separate returns of the different agents employed, which were very voluminous, but which had fortunately been preserved.

10. I now transmit that return, which represents every one who entered and left each of the licensed houses during six consecutive days, from Monday, the 29th of June, till Saturday, the 4th July, both days inclusive. The same individuals go so frequently

Encl. No. 2.

from one house to another several times in the course of the same day, that when this fact is considered, together with the frequent ingress and egress of the 200 employés in the 12 houses, it would seem that little more than one half of the daily average of 14,631 Chinese, Malays, &c. was composed of really different individuals frequenting the houses for purposes of play. The licensees compute the number at 5,000, but their interest is manifestly to represent the figures as low as possible.

11. Nevertheless, I am prepared to admit that there is truth in the statement of the licensees that the number of people frequenting their houses is considerably less than it was at first. Such a result, however, is exactly what this Government is anxious to obtain, provided that those who cease to frequent the houses under Government control, have none of their old haunts of iniquity to resort to. I also think that the result in that as well as in other respects amply confutes the prophecies to the contrary formerly indulged in by the police magistrates when the necessity for some such licensing system as the present was under discussion in 1856.

Vide Sir John
Bowring to
Secretary of
State, No. 31,
Feb. 1856.
See Papers
presented
June 1868,
page 4.

12. The enclosed return shows that amongst the frequenters of the licensed houses during six specified and consecutive days, there was a daily average of 204 foreigners, as Europeans and Americans are called. As the first year of the present system terminated yesterday, I was quite prepared to make a large deduction from the monthly license fees conditional on the complete exclusion from the houses of all foreigners. Those fees had already been reduced from \$21,000 to \$13,000 per month, and I calculated that probably \$10,000 would be ample in future under the above restriction.

13. In the meantime, however, owing to a disagreement between the licensees and some of their employés as to the division of profits, which were nil according to a previous examination of their books by the Auditor General, I found reason to suspect that so far from losing, they had been making far larger gains than there was any reasonable ground for conceding to them, and they admitted the fact. Whilst under the impression that the licensees had obtained their monopoly for a year, and not during good behaviour, numerous tenders from the most respectable and wealthy Chinese were sent in, offering large annual sums, from \$200,000 to \$260,000 for the privileges enjoyed by the licensees. One of the most solvent Chinese merchants here offered to exclude all foreigners, and yet pay an annual fee of \$240,000.

14. I own this result greatly surprised me, but not so much so as the fact, that although one of the standing regulations from the first had been, that no business was to be transacted with licensees, except through the medium of the Registrar General, the object being to prevent even the appearance of any person unconnected with the Government exercising the least influence with the Executive in procuring any advantage for the licensees, I casually discovered that they had agreed to pay and were actually paying to Mr. Caldwell, as their managing agent, the monstrous salary of \$20,000 per annum.

Encl. No. 3.

15. I did not hesitate to tell Mr. Caldwell that, considering how few hours in the month he was called on to give to the business of the licensees, his receipt of such a salary convinced me that the licensees imagined he had some secret improper influence with the Government, in accordance with Chinese notions and practices in their own land; and when your Grace reads the enclosed memorandum, which I had worded as strictly or rather as severely as I could last year, to prevent Mr. Caldwell's occupying any position so questionable, I have no doubt that you will agree with me in thinking that no false delicacy or mistaken policy should induce me to leave with the licensees the disposal of a sum so large to be lavished in a manner so objectionable.

16. Nevertheless, your Grace must not suppose that Mr. Caldwell has been useless. On the contrary, he has rendered most valuable aid to the Government, from his extensive and intimate acquaintance with the Chinese community here, and I attribute to him the present tolerably efficient organization for preventing admission of servants, suppression of illegal gaming haunts, and detection of criminals, in all which important points, the present system is unquestionably a most successful addition to the resources of Government for repression of crime. In any other place, I should therefore regard it as very immaterial what sums were paid by others for services of such value to the Government, and my only objection here is that the Chinese may conceive the payment purchases an improper influence with Government, as it might do with their own native authorities.

17. The result has therefore been acceptance of the tender of the former licensees at the annual rate of \$220,000 per annum, an amount which I cannot but believe to be excessive, as no further gains can be made from foreigners. Nevertheless, I prefer for the above reasons, and with the new information obtained, to begin at a high figure, with

RESPECTING GAMBLING LICENSES.

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the power of reducing the amount hereafter. I thereby retain so much additional means of purchasing yet more energetic exertions from the licensees for advancement of the public objects of the system. I have therefore made no alteration in the lower figure entered on the estimates for 1869, and which are now ready to be laid before council, because I am more than ever uncertain what may finally be the amount most desirable to exact.

18. I now inclose the revised regulations affecting the licensed houses, which are almost the same as those hitherto in force, except in the important point of excluding foreigners (Rule 13), and requiring a month's notice to be given by the licensees before throwing up their licenses (Rule 6).

Encl. No. 4.

19. In conclusion, I think your Grace cannot but admit now, with the evidence of such extensive profits acquired by the licensees, and such enormous payments as they are willing to make, that the struggle in which this Government was formerly engaged for suppression of illegal gaming haunts, without providing any legitimate vent for the irrepressible passion of the Chinese population, must have been a hopeless one, when such extensive means for bribery could be acquired, and were used for corruption of the police. In such a contest it is clear that the Government was sure to be overmatched and defeated.

I have, &c.

(Signed) RICHARD GRAVES MACDONNELL,
The Duke of Buckingham and Chandos, Governor.
&c. &c. &c.

Encl. 1 in No. 4.

Encl. 1 in No. 4.

RETURN showing the Number of Cases of Larceny by Servants during the Second Quarter, 1868.

Capacity.	Convicted.	Discharged.	Remarks.
House boys - -	4	2	Five servants not arrested not included. One coolie not arrested not included. One cook not arrested not included..
Servants - - -	1	1	
House coolies - -	1	—	
Cooks - - - -	8	4	
Total - - -	14	7	

21st July 1868.

(Signed) W. M. DEANE,
Acting Superintendent of Police.

Enclosure 2 in No. 4.

Encl. 2 in No. 4.

RETURN showing the Number of Visitors to Licensed Gaming Houses, between Monday the 29th June and Saturday the 4th July, inclusive, 1868.

Monday, 29th.			Tuesday, 30th.			Wednesday, 1st.			Thursday, 2nd.			Friday, 3rd.			Saturday, 4th.			Gross Total Number of Visitors during the Week.	Average Number of Visitors Daily.	
Chinese, and others of Eastern Races.	Foreigners.	Total.	Chinese, and others of Eastern Races.	Foreigners.	Total.	Chinese, and others of Eastern Races.	Foreigners.	Total.	Chinese, and others of Eastern Races.	Foreigners.	Total.	Chinese, and others of Eastern Races.	Foreigners.	Total.	Chinese, and others of Eastern Races.	Foreigners.	Total.		Chinese, and others of Eastern Races.	Foreigners.
15,007	140	15,153	12,651	176	12,827	15,157	230	15,386	15,346	186	15,532	14,141	237	14,378	15,487	242	15,729	89,015	14,631	204

(Signed) C. VANDELEUR CREAGH,
Deputy Superintendent.

Central Police Office, Hong Kong,
16th September 1868.

Enclosure 3 in No. 4.

Encl. 3 in No. 4.

MEMORANDUM No. 213.

MR. SMITH, 22nd July 1867.
INFORM Mr. Caldwell that I have heard it reported that the privilege of opening licensed gambling houses has already been sold at a premium.

Now it may be as well that Mr. Caldwell should distinctly understand that, on proof of any such transaction being made clear to me, I shall forthwith cancel the licenses and give them to other parties with whom I feel it my duty to treat direct, without the intervention of Mr. Caldwell, or any one else.

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The object of Her Majesty's Government in forbidding the putting up to public tender of the privilege of opening licensed houses was mainly, no doubt, to enable the Governor to deal with parties respectable by character, means, and position, without regard to mere increase of the revenue.

I accepted Mr. Caldwell as agent for certain parties of whom he has given me a list, but he is entirely mistaken if he thinks I will permit changes in that list without my knowledge, or allow the speculation in and sale of the intended privilege, thereby permitting a principal object of Her Majesty's Government to be defeated.

Mr. Caldwell must therefore distinctly and fully explain what he knows of such transactions, and must also convey to the original parties concerned my fixed determination to withdraw the privilege from them on discovering that they have attempted to sell it to others. I shall not hesitate a moment to carry out that determination, as I foresee that most pernicious irregularities and irresponsibilities are likely to follow such disregard of the wishes and intentions of myself and of Her Majesty's Government.

If I have abstained from accepting the highest offer it certainly was not with the intention of allowing the licenses to be turned into a mere jobbing speculation, and any change in the body of the "Hong" now formed to take the licenses, unless fully inquired into and sanctioned by myself, will be regarded by me as cancelling all obligations to the original parties.

It will be necessary also that Mr. Caldwell should understand that I do not consent to his receiving a cent from any party by reason of such party being admitted to the Hong. I regard such a proceeding as only a disreputable mode of squeezing, and as one which cannot but appear to the Chinese as a sale of the Government patronage for money.

Mr. Caldwell is welcome to receive even the most liberal fees for his professional service as agent, but if those fees be taken as the price of his interest with the Government, I will very speedily get rid both of him and his clients.

If money had been the object of this Government its action would have been different, and the highest tender would have been accepted. In declining, however, to take more than a moderate sum this Government does not mean to give the difference attainable either to Mr. Caldwell, or any mere speculators.

It will therefore be necessary, in addition to referring this Memorandum to Mr. Caldwell for explanation and report, to put the substance of it into Chinese, which I shall have printed and circulated for the information of all concerned.

(Signed) R. G. M'D.

Encl. 4 in No. 4.

Enclosure 4 in No. 4.

No. 110.

GOVERNMENT NOTIFICATION.

The following rules and regulations, made by the Governor in Council, in pursuance of section XVIII. of Ordinance No. 9 of 1867, are published for general information.

Colonial Secretary's Office, Hong Kong,
14th September 1868.

By command,
J. GARDINER AUSTIN,
Colonial Secretary.

RULES AND REGULATIONS.

Made by the Governor in Council this 12th day of September 1868, in pursuance of section XVIII. of Ordinance No. 9 of 1867.

1. No person shall keep any house, room, boat, or vessel, or any place on land or water for public playing or gambling, or shall permit any person to play within such house, room, boat, or vessel, or any place on land or water, except in such places as are licensed by the Governor in Council; and every such license so granted shall be revocable at the will and pleasure of the officer administering the Government, and shall be subject to such limitations as the officer administering the Government shall impose.

2. In the city of Victoria there shall not be more than 12 of such houses licensed for public gambling, and not more than one such house in Aberdeen, Stanley, and Show-kee-wan respectively, nor more than one such house at Kowloon.

3. Each house before being licensed, must be approved as suitable by the surveyor-general, or the assistant surveyor-general, and each house shall not have more than one means of ingress and egress, and there shall be no means of escape by the roof.

4. Each licensed house shall have one registered proprietor, who shall be responsible for the proper conduct of the establishment under his charge, and such registered proprietor shall never sublet without the permission in writing of the officer administering the Government, or himself pay any sum to any other party on account of the profits receivable from such licensed house.

5. The registered proprietors of licensed houses having any representation to make to, or any business to transact with, the Government must do so by personal application to the Registrar-General, as no attention will be paid to memorials or representations coming through third parties.

6. No party holding a license from the Government under these regulations, or having an interest in any such license shall be at liberty to throw up his license, or relieve himself from the obligations entailed thereby, unless he shall give at least one clear month's notice to the Registrar-General of his intention so to do.

7. The captain superintendent, deputy superintendent, and assistant superintendent of police, and the registrar-general, and any persons authorized by the officer administering the Government to visit and inspect the licensed houses shall, at all hours of the day and night, have access to the said licensed houses.

8. For each licensed house there shall be issued a monthly license, and there shall be paid in advance such monthly fee as may be directed by the Governor, and in addition there shall be deposited in the Colonial Treasury a sum equal to the fees for one month as a security for compliance with these

regulations, and the whole or any part of the sums so deposited shall be liable to forfeiture for the use of the Colonial Government at any time at the will and pleasure of the officer administering the Government.

9. The officer administering the Government may at any time order any or all licensed gambling houses to be closed either summarily and at once, or after such notice as the said officer administering the Government may direct, and in every case of a house being closed for breach of regulations, then, so long as any licensed house or houses remain open, the officer administering the Government, for the purpose of preventing such irregularity operating to the advantage of any holder of a gambling license, may direct the monthly fees payable for the remaining licenses to be so increased that the total amount of fees receivable by the Government shall remain unaltered.

10. Playing in the licensed houses shall not commence before 6 a.m. and shall cease at 11 p.m., or earlier, if so ordered by the officer administering the Government.

11. Not more than seven per cent. discount shall be claimed by the proprietor of any house on the gains of the players.

12. No proprietor of a licensed house or person connected therewith shall on any account give money or articles of value directly or indirectly to any person in Government employ, either by way of reward, bribe, gratuity, or payment for service.

13. No persons other than those of the Chinese, Malay, and Indian races, shall be, unless authorized thereto under these regulations, permitted to enter any of the said licensed houses.

14. All licensed houses within these regulations shall be closed as hitherto on Sundays, and no play allowed therein on any pretext under pain of forfeiture of license and deposit money.

L. D'Almada e Castro,
Clerk of Councils.

Approved in Council,
RICHARD GRAVES MACDONNELL,
Governor.

No. 5.

No. 5.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to his Grace the
DUKE of BUCKINGHAM AND CHANDOS.

(No. 598.)

Government House, Hong Kong, October 20, 1868.

Received 30th November 1868.

MY LORD DUKE,

(Answered No. 206, December 8, 1868, page 68.)

MY attention was recently called to an address reprinted in one of the local papers here, and stated to have been presented to your Grace by the Standing Committee of the Social Science Association.

The object of the address was to induce Her Majesty's Government to order discontinuance of the system of licensing here any houses for gaming. Of course it is most unobjectionable and right that all classes of Her Majesty's subjects should freely express their opinions on all points of social interest, and few are entitled to claim for their opinions greater weight than the representatives of a body so generally respected as the Social Science Association.

As however in the document under consideration it was stated that this Government had actually put up to sale and sold to the highest bidder the monopoly of gaming, I felt that the publicity given to so complete a misstatement on the point most calculated to prejudice an English public, justified and required refutation. The mistake of the committee moreover was the less excusable, as they could not have fallen into it had they read with more attention the correspondence laid before the House of Lords last June, and to portions of which their memorial evidently refers, thereby showing that it had been before them.

As I do not feel authorized to hold any communication with parties in England in reference to transactions here, unless with the full knowledge and sanction of your Grace, I therefore enclose the letter addressed, under instructions from me, by the Colonial Secretary to the Secretary of the Social Science Association, and I trust your Grace will not object to its being forwarded to its destination. I am the more anxious that it should go forward, because I thought the opportunity a good one for correcting several popular errors respecting the policy of this Government in regard to the gambling licenses. I may add that I believe if it were possible to make every real inquirer after truth, for truth's sake, know all that I know on the subject, and to enable those, who are so ready with their comments to see what I see from the vantage ground of the position which I occupy here, there would not be two opinions amongst such persons on the subject.

I have, &c.

(Signed) RICHARD GRAVES MACDONNELL.

The Duke of Buckingham and Chandos,
&c. &c. &c.

Enclosure 1 in No. 5.

Encl. 1 in No. 5

Colonial Secretary's Office, Hong Kong,
October 20, 1868.

SIR,

1. The attention of his Excellency Sir Richard Graves MacDonnell has been recently called to a memorial addressed by the Standing Committee of the Social Science Association to his Grace the

Secretary of State for the Colonies, praying that an immediate stop should be put to the system adopted here of permitting gambling in certain houses licensed by Government and subject to police surveillance.

2. In paragraph 5 of that memorial the following passage occurs: "Since the summer of 1866, when the first ordinance was passed, the farm had been created by the local authorities, put up by them to sale, and granted to the highest bidder."

3. That assertion is not merely incorrect, but is even totally opposed to all the details fully given in a series of despatches which must have been at the time before the committee, because they allude to and quote from them. The Governor therefore is persuaded that the Committee will at once ensure to this contradiction as wide a publicity as to the original misstatement.

4. It is true that the mischief caused by circulating an incorrect version of actual facts, especially when so framed as to support the argument of those who use such a weapon, seldom admits of any adequate reparation. No acknowledgment of such wrongful proceeding, particularly, as must be the case here, when not extracted till months subsequently and perhaps after close of the discussion affected thereby, can undo the mischief which it may have caused. Nevertheless the right of the party misrepresented to require even that inadequate reparation is indisputable.

5. In the present case, it must be conceded that this Government has been most completely misrepresented on the very point as to which it was easiest and most unfair to excite popular prejudice. To speak of this Government as selling the licenses in question to "*the highest bidder*," is to imply that it was animated by a sordid motive of greed.

6. Such a statement is a very extraordinary misrepresentation of facts recorded in documents to which the committee refer and had access. All Sir Richard Graves MacDonnell's despatches in connection with the subject to the end of last April, were before the committee, having been presented to the House of Lords last June.

7. It would be idle to repeat here the various details given in those despatches as to the anxiety of this Government to deal with a great public evil without reference to the question of revenue. The committee can refer to them, if they wish, but I am instructed to beg their special attention to paragraph 6 in Sir Richard Graves MacDonnell's despatch (No. 439) of the 30th of last January, as follows:—

"Your Grace however is sufficiently aware that this Government has not been swayed by any desire of gain. On the contrary, I have never written a despatch in which I have not regretted that a policy justified by necessity should be encumbered with any pecuniary gain, because the latter affords to opponents of that policy an opportunity to impute to myself and my council motives the reverse of those by which we are animated. If mere addition of revenue had been our object, I should not have accepted \$252,000 as the annual license fee instead of upwards of \$360,000 which was actually offered, nor would I have gradually reduced the original \$260,000 to \$204,000 at which it stands during the present month."

8. The above plain statement completely disproves the assertion of the committee, that since 1866, the licences "*had been put up to sale and granted to the highest bidder*," and I am now further instructed to add, that not merely had \$360,000 been declined, but that by consecutive reductions the license fees had been lowered till a few weeks back they reached only \$156,000.

9. Even that reduction was less than his Excellency had hoped to effect, for, as more fully explained in his recent financial statement to the Legislative Council, an extract from which is appended hereto, he was prepared (par. 19) to make *any* reduction necessary to compensate the licensees for excluding all but Chinese from the play houses, a reform now most effectually carried out.

10. Reasons alluded to in the accompanying appendix (page 7, pars. 19 and 20), and more fully explained in the Governor's communications to the Secretary of State, have produced for the moment the unexpected result of an increase of license fees just as the frequenters of the licensed houses were diminished.

11. It is perhaps superfluous now to accumulate further evidence of the inaccuracy into which the Social Science Committee have fallen as to a matter of fact, when they represented this Government as selling the license monopoly to "*the highest bidder*." The Governor however wishes to record at the same time his conviction of the excellent objects of the committee and of the general body which they represent. He attributes to them nothing more than an inadvertent although indefensible mistake. It is, however, unfortunate that it occurred in reference to the very point on which it was most important that there should be no misrepresentation; and it cannot be doubted that this will be a source of regret to the committee, especially when they learn that at the very last meeting of the Legislative Council his Excellency distinctly refused to accept the suggestion of a leading unofficial member of that body and use the license fees for the purpose of diminishing the local taxation of the Colony.

12. The personal feelings and sympathies of his Excellency are entirely with the committee, and had he never visited China, nor been compelled by his duty to this community to deal on the spot with the unquestioned and real evils arising from the inordinate love of gambling of the native population here, and the absolute necessity for permitting, under regulated and comparatively safe conditions, a vent for a vice, *whose existence under worse conditions would have been the only result of Government inaction*, it is very probable that, as a member of the Social Science Association, he might have subscribed, and applauded himself for subscribing a remonstrance of the kind addressed by the committee to the Secretary of State.

13. It is also quite possible under such circumstances that, like the committee, he might have regarded the policy pursued at Heligoland, Baden, and here, as identical. Gambling, he might have reflected, is permitted at all those places, a revenue results therefrom in each. Such a policy is indefensible at Baden and Heligoland, where unnecessarily and for the sake of money it encourages a vice which might otherwise die out or at least decline. Therefore he might perhaps have argued it is equally indefensible at Hong Kong. Nevertheless no one here would pretend that there is the remotest chance of the vice of gambling being diminished by suppression of the licensed houses, as would be the case at Baden. It would simply become indefinitely more extended than now. If it were not legalized so completely as to require no police interference, however little, there would inevitably be police corruption and consequent insecurity to the community. Unless therefore it be contended that similar consequences would follow the abolition of the monopoly at Heligoland there is no parallel between the two cases.

14. Again, only natives who are practically beyond the reach of Government in such a matter are here allowed to enter the licensed houses, and unless it be shown that Europeans are similarly excluded at Heligoland, and that gaming is only permitted there to an overwhelming majority of Orientals, or strangers coming and going, in numbers exceeding 600,000 every year, and that it is only allowed because they cannot otherwise be efficiently reached by the police, no parallel is established between that place and Hong Kong.

15. Finally, to complete such parallel, it would be further necessary to show that the authorities at Heligoland had been exerting themselves as here from the first to keep down any revenue accruing from the licenses, beyond the amount necessary to work the system as a strictly police measure, a motive which it is not pretended to adduce in favour of licensing gaming in Europe.

16. It may therefore be as well to speak frankly, and declare at once that the only argument in the memorial of the committee which seems to his Excellency deserving notice is their suggestion (par 9.) that the authorities here have not as yet so exhausted the direct means at their disposal for the suppression of gambling as to justify a departure from the general principles of penal jurisprudence elsewhere. In illustration of this, the committee state that the Chinese laws and the local ordinances against gambling had never been fairly put in execution, and especially that the ordinance for improving the Chinese law of the tithings, hundreds, and frank pledges, which in China had always been found quite sufficient for the entire suppression of the practice, had never been put in force at all.

17. It is difficult to imagine where the committee got their information as to the entire suppression of gambling in Chinese cities by laws establishing tithings and hundreds, &c. Gambling has been now and then stopped in a particular place for a short time by high officials, who were guided sometimes by upright and sometimes by corrupt motives, such as that of raising the toll on an illegal luxury. This however has been done by extreme severity, such as razing houses to the ground and torturing the landlords, measures to which it is true this Government has never yet resorted. It is however totally without foundation to assert that gaming does not prevail most extensively and publicly in every city of the empire, although nominally the law forbids it. This subject however has been sufficiently alluded to in the Governor's Despatch of the 30th January last* (pars. 3, 4, and 5) which the committee had before them when advancing the above extraordinary assertion.

18. At this moment the police system inaugurated by his Excellency amongst the Chinese, an institution quite apart from that of the Colony, is working admirably, but the last thing which a resident here could dream of would be the handing over to any Chinese, whether in tithings, hundreds, or otherwise than as parties directly and openly interested therein like the licensees, the slightest control over their gambling brethren. The committee little know what a door they proposed to open to the vilest corruption and chicanery when they suggested the controlling of gambling at Hong Kong by Chinese tithings and frank pledges.

19. His Excellency is unable to follow the reasoning of the committee in the other portions of par. 9 of their memorial, because he can only state as the general result of the most determined efforts on the part of himself and all his subordinates, that whatever might have been the varying nature of his expectations from time to time, he has long been convinced of the impossibility of putting down gambling by any police which it is possible to procure here, or even with the best police in the world, if they could be procured, and were stationed six months here.

20. Sooner than recur to the infamous past his Excellency would prefer legalizing gambling of all descriptions in the Colony, which is the only alternative that he thinks practicable, but he has steadily declined to bear a part voluntarily in continuing the sham which the committee unwittingly recommend.

21. It is easy for the latter to say that the honest policy now followed detracts from "the free and noble institutions of the Colony, which were one day to stand as a model to work the regeneration of the Chinese Empire." Do the committee seriously think that the shrewd natives of China respected this Government a whit more, either for its intelligence or its efficiency, when the laws of the Colony merely rendered an irrepressible vice more dangerous and odious, whilst it brought to light the venality of the paid guardians of the law? Or do the committee recommend that public men instead of seeking to effect the greatest amount of good, and shape their policy by what is itself right and practically most beneficial, should rather aim at a style of "ad captandum" legislation, tinselled and varnished to catch the applause of vapid declaimers, but ill fitted to win the approval of earnest men, thoroughly understanding the question, and filled with a conscientious sense of their responsibility?

22. His Excellency has not the slightest doubt that this Government is really more respected now, especially since none but Chinese have been permitted to enter the licensed houses. The natives knew long ago that the Government was unable to suppress illegal gaming haunts. They know now that the Government is honest enough to confess it. They also know that crime in the Colony is reduced more than a third, whilst larceny amongst servants, a crime generally traceable to gaming losses, is 75 per cent. less than it had been before the licenses were issued.

23. The Governor further denies the existence of that "great scandal and discontent" at the Government policy, which the committee assert to prevail "here and on the coast of China." That policy was inaugurated with the unanimous approval of the Executive and Legislative Councils. It has been for a series of years a measure favoured by the local experience of each Governor and his advisers. It has now been removed from the region of mere speculation and experiment, and proves that it is possible by its agency to suppress the gross evils inseparable from illegal gambling dens of iniquity. Moreover, the "scandal and discontent" are each comparatively limited, as well in duration as extent, for here they are chiefly but recently generated by the reaction of an agitation maintained in England by well meaning persons, ignorant of the circumstances which have produced and which justify that policy. Such ignorance is perhaps natural, but the comparisons of Hong Kong with Heligoland and Baden most forcibly and aptly illustrate the unfounded inferences to which it leads.

24. Therefore unless by direct command of Her Majesty's Government, with which the responsibility of the change would then rest, his Excellency is not prepared to abandon the important results already obtained for any mere sentimental objection, or because a revenue still irrepressibly arises from the policy by which on the whole the greatest good can be effected. He would personally be delighted to get rid of that revenue, if the committee would only make some practicable suggestion enabling him to

*Vide Papers
presented
June 1868,
page 41

do so without sacrificing the power which he now has over the licensees, and which as yet he sees no safe means of dispensing with.

25. In conclusion I have to state that his Excellency is well aware he had no actual claim on the committee's attention, except to request their correction of a misstatement by them of a fact. Nevertheless, as a member of their association, he craves indulgence for the additional remarks which he has instructed me to make on a subject of some interest to a body established to discuss the most important social questions.

I have, &c.
(Signed) J. GARDINER AUSTIN,
Colonial Secretary.

G. W. Hastings, Esq.,
Secretary of the Social Science Association.

APPENDIX.

Extract from Financial Statement (October 1868).

By his Excellency SIR RICHARD GRAVES MAC'DONNELL, C.B.

12. Before concluding the subject of revenue I call attention to the fact that the fees from the licensed gaming houses are now withdrawn from the heading of unavailable deposits. I lay before you the Despatch of the Secretary of State authorizing application of that revenue to certain colonial purposes, and till some means of obtaining equal control over the classes addicted to illegal gaming with all its evil consequences to the community can be devised, it certainly seems wise to use it for the improvement of the police force which is mainly required to repress irregularities and crime, originating in or fostered by gambling. It is at least wiser to devote it to that or other useful public objects than to throw it into the sea or get rid of it in some more objectionable manner on the plea that no revenue should accrue from such a source.

13. My creed on such matters is a very simple one. I hold that a government is bound to do as much good and suppress as much evil as it can. I have therefore not hesitated to advance straight forward towards that object. I have never been deterred by the secondary consideration that a revenue was unavoidably created thereby, whether I liked or disliked that result, nor have I been persuaded by the reasoning, if I may use such a term, of some estimable persons who appear comparatively indifferent to the existence of a public evil, provided their own theory that we should leave sin and vice alone prevails.

14. Such persons, if they pursue their argument to its legitimate conclusion, must be prepared to see our navy and army decimated by a disease which legislation can mitigate, sooner than meddle officially with what they call sin in the one case, or vice in the other, and thus they would leave both to mature and fructify, the pestilence to spread, and this city to be infested by illegal gaming haunts frequented by the criminal classes with the usual results to society of such assemblages. Moreover they seem to apply their theories to all parts of the world and to all populations alike. They would govern the Saxon race of Kent and the Chinese on the same principles, and would think it wrong to meet the exigencies of each separate community with legislation adapted to its local requirements.

15. I need scarcely say that no such policy has been countenanced by this Government. On the contrary, I and my Executive Council have from the first felt it a positive duty to admit the existence of the two evils alluded to and frankly acknowledge that we cannot suppress them. We feel consequently more especially bound to exert ourselves to obtain a practical control over evils which we have not the power to eradicate, and thereby at least try to alleviate the mischiefs inseparable from each. I am therefore gratified to report that not merely has the new system been successful in closing the old dens of iniquity and substituting for them houses regulated by strict Government surveillance, but also that there is strong reason to infer, contrary to the prophecies not unnaturally indulged in at first, that the system has reacted beneficially on the parties more immediately reached by it.

16. Thus, contrary to general expectation, and far exceeding any hope of my own, you will find from the return, which I now lay before you, that the crime which seemed most likely to have increased is that which has most diminished, namely, larceny amongst servants. During the first quarter following the opening of the licensed houses the number of those cases brought before the police magistrates averaged the same as in the preceding three years, viz., about 80, whereas during the first quarter of this year they had diminished 50 per cent., and during the second quarter 75 per cent.

17. Recently all foreigners have been excluded from the licensed houses, because the argument that licensing a few houses had been found essential to obtain control for police purposes over a vice amongst the Chinese, which after the most vigorous efforts the Executive could not suppress, is not applicable to foreigners, and therefore affords no justification for permitting them to use the licensed houses, as it is not foreigners who constitute the criminal classes of the Colony. There is no risk therefore of their gambling tendencies leading to the establishment of illegal haunts where burglaries and robberies may be planned by those who meet in such places in defiance of the law.

18. I must add that, although it is true the houses were originally licensed without any intention of encouraging foreigners to go there, I am nevertheless now surprised, that it did not sooner occur to me to rid the licensing system of this its least defensible feature, and it appears strange that no one else, so far as I am aware, made the suggestion earlier.

19. When I had once become convinced of the propriety and saw the possibility of excluding foreigners, I was quite prepared to make the most liberal abatement to the licensees of the fees which they were then paying, viz., \$13,000 per month. I would willingly have reduced them to \$10,000 or \$8,000 or to any other amount which might be proved necessary to compensate them for the loss entailed by the exclusion of foreigners. Just then, however, the close of the first year of the operations of the licensees was approaching, and some disputes unexpectedly arose between them and their agents when settling accounts, which led to the discovery that, so far from losing, as they had endeavoured to prove they had, through the many reductions which I had made in their fees, been gainers during the past year to an extent beyond the legitimate amount which the exigencies of the system justified. At the same time, offers were made to Government to take up the business by men of equal capital, and one offer based on most excellent security, and with the understanding that foreigners were to be excluded, amounted to \$240,000 per annum.

20. Nevertheless the experience acquired by the old licensees, their readiness to expend money in detecting returned convicts, and the effective assistance which they had given the police generally, made me unwilling to change them for parties less experienced. The old licensees therefore continue the business, but instead of a reduced fee of \$10,000 per month they pay a fee of \$18,000.

21. Thus one more is added to the numerous list of unexpected and improbable results, which the working of the experiment has developed. In fact my own despatches on the subject are throughout filled with similar reversals of previous calculations, and perhaps I am now about to add one more to the series, when I express the opinion that, if foreigners be excluded, as under any circumstances must be the case, the fee of \$18,000 per month will not leave the licensees a sufficient profit to make them as careful as is requisite to retain it by attention to the Government regulations.

22. These explanations, which moreover have a special interest of their own, have become necessary because the council should know why the license fees for the estimates of the ensuing year are not computed on the basis of so high a figure as they now reach monthly. On the contrary, the estimate of the receipts for 1869 has been left by me at \$156,000 per annum, being the amount computed when the calculations were entered into several weeks back. At present the probability is that the amount named will be exceeded, but the uncertainty attending the subject is too great to justify an alteration of the original estimate.

COMPARATIVE QUARTERLY RETURN of Number of Cases of Larceny by Servants from 1865 to 1868.

Gambling unlicensed previous to 15th September 1867.				Gambling licensed subsequent to 15th September 1867.		
	1865.	1866.	1867.	15th September to 31st December 1867.	1st January to 31st March 1868.	1st April to 30th June 1868.
Convicted - -	76	58	66	67	27	14
Discharged - -	10	17	21	15	13	7
Total - -	86	75	87	82	40	21

July 27, 1868.

J. GARDINER AUSTIN,
Colonial Secretary.

Extract from Report of Meeting of Legislative Council, Hong Kong, 13th October 1868.

Vide Supplement to Hong Kong "Overland Trade Report," 19th October 1868.

Governor,....." This money must be dealt with some way, and it was better that it should be dealt with by this Council than that it should be disposed of by others, as would be the case if the Council disregarded their privilege and their duty.

Mr. Keswick suggested that direct taxation should be reduced.

The Governor continued that he opposed receiving such money for the purpose of lightening the burdens of the Colony, and on this point he claimed the support of Mr. Taylor, and those who thought with him. Doubtless they would never consent to using money obtained in a manner so objectionable, as they thought, to diminish the taxes. He had himself stated to the Secretary of State that so long as the Colony raised by the stamp duty the money required to meet its liability on account of the military contribution, the community could not justly be charged with being influenced by sordid motives in dealing with a fund whose existence was the unavoidable result of a policy which had proved the most effective, if not the only available, police measure to put down many of the most dangerous evils. To diminish the taxes of the Colony with it was quite another thing."

Enclosure 2 in No. 5.

Encl. 2 in No. 5

Financial Statement 1868, by His Excellency Sir R. G. MacDonnell.

EXTRACT.

23. Whether I myself or the Council, or a portion of the community, approve or object to the receipt of any income from such a source, the fact that it has nevertheless irrepressibly thrust itself into, and may for some time constitute part of your annual revenue till a better system be devised to accomplish equally useful results, entitles the Council to the fullest details connected with it.

24. Such a revenue, therefore, is a necessary item in your financial calculations simply because it exists, and, therefore, must be dealt with in some way, but it does not follow because you must deal with it, or because it exists, that your object has been to create such a revenue. That is a common misrepresentation of the purpose of myself and my Council, but it can have no logical force till it be shown that our object could be equally well accomplished in some other way unproductive of revenue with which we are acquainted, and which, nevertheless, we refuse to adopt.

25. It probably answers, however, the purpose of those who use the argument and who know very well that most people take no trouble to master the tedious details of a complicated question, but as a general rule accept the popular theory that all who adopt a policy which creates a revenue, do so for the sake of that revenue. Such an inference holds good in most cases, because money is the most general object of men's pursuits, but in what way such a theory can be applicable to myself or my Council is not shown. To make the argument conclusive, we should be proved interested in drawing a revenue from gambling licenses, whereas none of us can have the slightest possible interest in the matter beyond our desire in discharge of a duty to the public to choose the least objectionable evil,

FURTHER CORRESPONDENCE

whilst personally I prefer to raise by increased taxation whatever additional revenue may be wanted for purposes that cannot be dispensed with.

26. I have only to add, before quitting this subject, that current ideas as to the abstraction of large sums from regular commerce by either losses or gains at the new play houses have little or no real foundation. The probability is, that in former times there was quite as much play as at present, whilst whatever be the profits now, they are acquired by men of substance engaged in general trade, and are only so much added to their commercial capital. The fees paid to the Colony are also destined to aid rather than impede progress, unless they be unwisely expended.

No. 6.

No. 6.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to his Grace the Duke of BUCKINGHAM AND CHANDOS.

(No. 634.)

Government House, Hong Kong, January 9, 1869.

My LORD DUKE,

(Received February 26, 1869.)

I HAVE the honour to transmit herewith for the information of your Grace returns showing the number of cases of larceny by servants, during the third and fourth quarters of the past year, and beg to draw your Grace's special attention to the evidence thereby afforded of the beneficial effect of the surveillance now maintained over the class of servants by the regulation of the licensing of the play houses. It is impossible not to ascribe to those regulations a large share in the reduction of such larceny cases from 86, 75, and 87, in the last quarters respectively of 1865, 1866, and 1867, to 17 cases in 1868.

I have, &c.

(Signed)

RICHARD GRAVES MACDONNELL,

The Duke of Buckingham and Chandos,

Governor.

&c.

&c.

&c.

Encl. 1 in No. 6.

Enclosure 1 in No. 6.

RETURN showing the Number of Cases of Larceny by Servants during the Third Quarter, 1868.

Capacity.	Convicted.	Discharged.	Remarks.
House boys - - -	—	2	
Servants - - -	3	5	
House coolies - - -	3	3	
Cooks - - -	4	1	
	10	12	
Total - - -	22		

Police Department,
Hong Kong, October 6, 1868.

(Signed)

W. M. DEANE,
Acting Superintendent.

Encl. 2 in No. 6.

Enclosure 2 in No. 6.

RETURN showing the Number of Cases of Larceny by Servants during the Fourth Quarter, 1868.

Capacity.	Convicted.	Discharged.	Remarks.
House coolies - - -	3	4	
Cooks - - -	2	4	
Servants - - -	2	2	
Total - - -	7	10	
Grand Total - - -	17		

Police Department,
January 5, 1869.

W. M. DEANE,
Acting Captain Superintendent.

No. 7.

No. 7.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to the Right Honourable Earl GRANVILLE, K.G.

(No. 664.)

Government House, Hong Kong, March 6, 1869.

(Received April, 23, 1869.)

My LORD,

(Answered, No. 64., May 1, 1869, page 78.)

I HAVE the honour to acknowledge receipt of the Duke of Buckingham's Despatch, No. 199,* of the 2d December last, in which his Grace comments on the information supplied in my Despatch, No. 571,† relative to the general working of the system under which a few gambling houses are licensed with a view to the suppression of the far greater number of irregular and secret haunts, whose existence had formerly proved the prolific source of many evils. Some of those, as larceny among servants, I had shown to be greatly diminished, and others to be wholly put down, as corruption of the police by the keepers of illegal gaming houses.

* Page 67.

† Page 14.

2. In the course of my explanations on those subjects, I had mentioned my surprise at finding that the licensees, whom I supposed to be heavy losers by their speculation, were nevertheless paying to Mr. Caldwell so large a salary as \$20,000 per annum for superintending certain details of their business, more especially their relations with the foreign community and the Government.

3. His Grace was anxious under the circumstances that I should sever the Government from the agency of Mr. Caldwell, and I am sorry that my apparently insufficient report should have induced his Grace to suppose that the Government had any connexion whatever with Mr. Caldwell in the matter, or that he was so concerned therein as their agent as to come at all under the power or control of the executive.

4. Mr. Caldwell is a person who stands well in the opinion of the Chinese community, and possesses great personal influence amongst them, which, I think, is on the whole deserved. Moreover his present position in the foreign community may be estimated by the strong expression of feeling on the part of the Legislative Council in his favour, which was publicly given on the 15th August 1866, with a full knowledge of all his antecedents as well as of his conduct during recent years.

5. Nevertheless, whatever may be Mr. Caldwell's personal standing it could not affect the Government whilst he was not in their employment, unless he was a man of such notoriously bad conduct that the Government ought to refuse even to have dealings with any parties who had dealings with him. As I have shown, however, Mr. Caldwell's position and character are just the reverse. It would, therefore, be a strange demand to make on other parties that they should never employ Mr. Caldwell. Consequently I do not suppose that Her Majesty's Government could have intended me to resort to such dictation, especially as the language used by the Duke of Buckingham, viz., that I should "sever myself from the agency of Mr. Caldwell," clearly implies that his Grace supposed there was some agency undertaken by Mr. Caldwell on behalf of this Government.

6. So far is this from being the case that the evidence enclosed in my Despatch, No. 571, to which the Duke refers, shows that this Government from the first sternly repudiated all agents and persons coming between it and the actual licensees, insisting on the latter appearing personally, and transacting their business direct with the Government.

7. This policy has, I believe, gradually and completely corrected the odd notions borrowed from the conduct of their own Government, which the Chinese may originally have formed in reference to the objects of this. It has no doubt also greatly diminished the salary of Mr. Caldwell, who now receives less than one quarter of the amount which he got during the first experimental year of the new system, whilst, as often happens in such cases, his work has been at least doubled owing to the strictness with which this Government is now enabled to insist on the regulations being carried out.

8. In that respect and as agent of the licensees, there can be no doubt that Mr. Caldwell does his duty more efficiently and with far greater advantage to the public than any other person whom the licensees could employ. I enclose the last monthly return received from the police of old offenders and suspicious characters arrested by them. The returns are made up to the 15th of each month, at which date the license fees become payable. It is then that an account is rendered by them of the help which during the month just ended they have given to the police, and also of the number of servants of foreigners, whom they have informed against as attempting to frequent the licensed houses.

Encl. No. 1.

9. These returns are checked by those of the police, whose staff are not disposed to give their rival detectives any credit unless fairly earned. Nevertheless, accepting the

police return as the correct one, it thence appears that out of a total of 63, viz. 56 dangerous characters and 7 illegal gamblers arrested during that period, no less than fifty had been arrested through information furnished at the cost of the licensees. Of those 50, 18 were old offenders, *i.e.* convicts, most of whom had been branded and conditionally pardoned, but who remained liable to special punishment and also to completion of their original sentence if subsequently found within the limits of the Colony.

10. Thoroughly to comprehend the great importance of such a result, and of the aid thus continuously afforded to the Executive, your Lordship should bear in mind the special and very exceptional circumstances in which this Colony is placed by its geographical position and close proximity to the most criminal and desperate classes in the Chinese empire.

11. I have often impressed on Her Majesty's Government the obvious inference that such an exceptional position demands both exceptional legislation and action on the part of the executive here, because this Colony may literally be regarded as maintaining a perpetual struggle for self preservation, and being in a permanent state of siege by the criminal population, which is ever surging around it and threatening it with invasion. At some seasons of the year the Canton correspondents of the police report frequently the departure thence of bands of professional burglars and thieves, numbering in one day from twenty to thirty, all bound for Hongkong in quest of plunder.

12. Nothing but ceaseless vigilance in the struggle with those desperadoes, and the special legislation by which they are met in this Colony, enables the executive to make any head against them. Consequently, the great help which experience now shows can be given to Government by the licensees is far too important a result to be lightly thrown up without incurring a very grave if not unwarrantable responsibility in the absence of any strong and overwhelming necessity to justify such a cause. I not merely see no such necessity, but I fail to see any reason whatever for not accepting that help in the serious contest, which this Government more than any other is forced to maintain with the criminal classes by whom it is beset.

13. Therefore, if the help rendered by the licensees were to be greatly lessened, as unquestionably it would be by refusing to deal with them, if they continue to employ Mr. Caldwell, such a policy would prejudice the public interests. Mr. Caldwell is no way the agent of this Government, as the Duke of Buckingham probably supposed him somehow or other to be, he appertains entirely to the licensees. They employ him merely because their own interests have by the policy of the Government become identified with the diminution and discovery of crime, and Mr. Caldwell happens to be the person by whose exertions in that direction they can be most effectually assisted.

14. If any absurd notions originally prevailed with the licensees as to Mr. Caldwell's possible influence with the Government, when the licensing system was a complete innovation and novel experiment, they have evidently been long since corrected; moreover, the chief of the present licensees is a man of long standing here as well as great wealth, and he has as thorough a practical perception on that subject as any foreigner.

Encl. No. 2.

15. To prevent confusion I shall reserve for consideration in another despatch, the second and totally different question raised by the Duke of Buckingham as to the best mode of selecting the parties to whom licenses should in future be given. I beg however to enclose herewith, as supplementary to the information contained in the police return for the month ended the 15th ultimo, the returns furnished by the licensees for the five weeks ended the 13th ultimo, showing the number of servants of foreigners who were recognized and refused admission into the licensed houses during that period. It will be seen that no less than 141 were turned away, including fifty in one week, when the houses were greatly frequented during the festival of the Chinese new year.

Encl. No. 3.

16. It is true that I have no means of checking those returns, except by the secret reports of the police inspectors, who are appointed to visit the licensed houses and are paid by Government for such reports. Through them I am enabled to judge partially whether the licensees really do strive to act up to the spirit of the regulations in that very important particular; and I am bound to say that those reports do represent the houses as kept in the most orderly manner, and the Government regulations as being carried out with greater strictness than I could have reasonably expected. I enclose copies of the reports made during January by the inspectors for that month.

17. On the whole there is no room to doubt the successful working of the experiment in the following very important points:

1. The complete extinction of all improper and corrupt relations between the police and the gambling population.
2. The *extraordinary* diminution of theft amongst servants from an average of 83 cases per quarter to less than 20.

RESPECTING GAMBLING LICENSES.

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3. The effectual aid given by the licensees to Government in apprehending dangerous characters, an aid almost five times as great in that particular as that derived from the whole colonial police of more than 600 men, as shown by the enclosed police return.
4. The general diminution of crime in the Colony, as appears from the criminal statistics just completed for last year, and which cannot reasonably be regarded as having no connexion with the capture and extradition of so many dangerous characters as have been apprehended through information furnished by the licensees.
18. Eventually I hope to add to the above remarkable results a decided diminution of the number of gamblers, of which the weekly reports already disclose symptoms. On that point, however, I shall hereafter be better enabled to form a correct opinion, as the inspectors have been recently instructed to report the number of persons found in each house every visit.
19. I may further explain, that there are two inspectors nominated each month who are each separately bound to visit every licensed house once at least in the course of the week at uncertain times. The frequent changing of the inspectors, and the fact of their being paid by Government for their weekly reports, renders collusion between them and the licensees highly improbable. Indeed, I may say that there has never been the least reason to suspect it. On the contrary, there is rather an antagonistic feeling between the police and the gamblers since the latter were emancipated from the black mail formerly levied on them by the police.

Vide Governor
to Secretary of
State, No. 634,
of 9th Jan.
1869, page 24.
Vide Encl.
No. 2.

I have, &c.
RICHARD GRAVES MACDONNELL,

The Right Hon. Earl Granville, K.G.,
&c. &c. &c.

Governor.

Enclosure 1 in No. 7.

Encl. 1 in No. 7.

RETURN of Arrest of Illegal Gamblers and Dangerous Characters, between the 15th January and the 14th February 1869.

Date.	Number of Illegal Gamblers.	Number of Dangerous Characters.	Decision or Sentence.	Remarks.
January 16	—	1	Sent to gaol - - -	Apprehended by Mr. Caldwell's detective.
" 17	—	1	Do. - - -	Do. do.
" 18	—	1	Do. - - -	Do. do.
" 19	—	1	Do. - - -	Do., by Inspector Grey.
" 20	—	11	Two sentenced to three months' hard labour, and the rest to find security.	Do., by Mr. Caldwell's detective.
" 21	7	—	Discharged - - -	Do. do.
" 22	—	1	Three months hard labour	Do., on police information.
" 23	—	1	Sent to gaol - - -	Do., by Mr. Caldwell's detective.
" 24	—	1	Do. - - -	Do. do.
" 25	—	1	Three months hard labour	Do., by P.C. 5, Hallowell.
" 26	—	1	To find security for one month	Do., by Mr. Caldwell's detective.
" 27	—	1	One month hard labour - - -	Do., on police information.
" 28	—	1	Discharged - - -	Do., by Mr. Caldwell's detective.
" 29	—	7	Three sentenced to three months hard labour, and the rest discharged.	Do. do.
" 30	—	1	Sent to gaol - - -	Do. do.
" 31	—	1	Do. - - -	Do. do.
" 1	—	1	Sent to gaol, but being unknown, was discharged.	Do. do.
" 2	—	1	Sent to gaol - - -	Do. do.
" 3	—	2	One discharged - - -	Do. do.
" 4	—	1	Six months hard labour - - -	Do., by District Watchman.
" 5	—	1	Sent to gaol - - -	Do., Mr. Caldwell's detective.
" 6	—	1	Do. - - -	Do. do.
" 7	—	6	Discharged by magistrate - - -	Do. do.
" 8	—	1	Sent to gaol, but being unknown, was discharged.	Do. do.
" 9	—	1	Three months hard labour - - -	Do. do.
" 10	—	1	Discharged - - -	Do. do.
" 11	—	1	Three months hard labour - - -	Do., Lokong, No. 53.
" 12	—	1	Discharged - - -	Do., Mr. Caldwell's detective.
Total	7	56		

Police Department,
February 15, 1869.

(Signed) W. M. DEANE,
Captain Superintendent.

FURTHER CORRESPONDENCE

ncl. 2 in No. 7.

Enclosure 2 in No. 7.

RETURN of Chinese Servants in the employ of Foreigners who were recognized and refused Admittance into the under-mentioned Gambling Houses, during the week ended 16th January 1869.

Appellation of Houses.			Locality.			Number of Persons		
Yip Kee	-	-	148,	Holly Wood Road,	Taipingshan	-	-	2
Wai Kee	-	-	128,	Queen's Road,	West Point	-	-	3
Meng Kee	-	-	15,	Do.	West	-	-	1
Chew Kee	-	-	225,	Do.	Central	-	-	2
Hung Kee	-	-	111,	Do.	Wing-on Lane	-	-	5
Tai Kee	-	-	101,	Do.	Tungmun Lane	-	-	3
Wing Kee	-	-	3,	Endicott's Lane	-	-	-	3
Keen Kee	-	-	100,	Queen's Road,	Wanchai	-	-	5
						In all	-	24

(Signed) J. LEON AVETOOM.

RETURN of Chinese Servants in the employ of Foreigners who were recognized and refused Admittance into the under-mentioned Gambling Houses, during the week ended 23rd January 1869.

Appellation of Houses.			Locality.			Number of Persons.		
Yip Kee	-	-	148,	Holly Wood Road,	Taipingshan	-	-	0
Wai Kee	-	-	128,	Queen's Road,	West Point	-	-	2
Wang Kee	-	-	45,	Do.	West	-	-	0
Men Kee	-	-	15,	Do.	West	-	-	0
Sun Kee	-	-	23,	Hillier Street	-	-	-	0
Yek Kee	-	-	253,	Queen's Road,	Central	-	-	4
Chew Kee	-	-	225,	Do.	Do.	-	-	5
Chong Kee	-	-	1,	Gilman Street	-	-	-	0
Hang Kee	-	-	111,	Queen's Road,	Wing-on Lane	-	-	3
Tai Kee	-	-	101,	Do.	Tungmun Lane	-	-	4
Wing Kee	-	-	3,	Endicott's Lane	-	-	-	3
Keen Kee	-	-	100,	Queen's Road,	Wanchai	-	-	6
						In all	-	27

(Signed) J. LEON AVETOOM.

RETURN of Chinese Servants in the employ of Foreigners who were recognized and refused Admittance into the under-mentioned Gambling Houses, during the week ended 30th January 1869.

Appellation of Houses.			Locality.			Number of Persons.		
Yip Kee	-	-	148,	Holly Wood Road,	Taipingshan	-	-	2
Wai Kee	-	-	128,	Queen's Road,	West Point	-	-	4
Meng Kee	-	-	15,	Do.	West	-	-	1
Yek Kee	-	-	255,	Do.	Central	-	-	2
Chew Kee	-	-	225,	Do.	Do.	-	-	4
Hang Kee	-	-	111,	Do.	Wing-on Lane	-	-	1
Tai Kee	-	-	101,	Do.	Tungmun Lane	-	-	3
Wing Kee	-	-	3,	Endicott's Lane	-	-	-	1
Keen Kee	-	-	100,	Queen's Road,	East, Wanchai	-	-	6
						In all	-	24

(Signed) J. LEON AVETOOM.

RESPECTING GAMBLING LICENSES.

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RETURN of Chinese Servants in the employ of Foreigners who were recognized and refused Admittance into the under-mentioned Gambling Houses, during the week ended 6th February 1869.

Appellation of Houses.	Locality.	Number of Persons.
Yip Kee - - -	148, Holly Wood Road, Taipingshan - - -	1
Wai Kee - - -	128, Queen's Road, West Point - - -	2
Yek Kee - - -	255, Do. Central - - -	3
Hang Kee - - -	111, Do. Wing-on Lane - - -	1
Tai Kee - - -	101, Do. Tungman Lane - - -	3
Wing Kee - - -	3, Endicott's Lane - - -	3
Keen Kee - - -	100, Queen's Road, East, Wanchai - - -	3
	In all -	16

(Signed) J. LEON AVETOOM.

RETURN of Chinese Servants in the employ of Foreigners who were recognized and refused Admittance into the under-mentioned Gambling Houses, during the week ended 13th February 1869.

Appellation of Houses.	Locality.	Number of Persons.
Yip Kee - - -	148, Holly Wood Road, Taipingshan - - -	2
Wai Kee - - -	128, Queen's Road, West Point - - -	4
Meng Kee - - -	15, Do. West - - -	1
Yek Kee - - -	253, Do. Central - - -	8
Chew Kee - - -	225, Do. do. - - -	13
Sun Kee - - -	23, Hillier Street - - -	3
Chong Kee - - -	6, Gilman Street - - -	1
Hang Kee - - -	11, Queen's Road, Wing-on Lane - - -	3
Tai Kee - - -	101, Do. Tungmun Lane - - -	5
Keen Kee - - -	100, Do. Wanchai - - -	10
	In ali -	50

Total for five weeks ended 13th February - - - 141

(Signed) J. LEON AVETOOM.

A Chinese, supposed to be a police lokong, but whose name or number could not be ascertained, was ejected from the Wang Kee, No. 45, Queen's Road, West, at about 7.30 p.m. of the 12th instant. The jacket, which he carried in a bundle under his arm, was detected to bear police uniform buttons.

(Signed) J. L. A.

Enclosure 3 in No. 7.

Encl.3 in No.7.

REPORT of Visits to Gaming Houses for the week ending 2nd January 1869.

Names of Houses.	December 1868.				January 1869.	
	28th.	29th.	30th.	31st.	1st.	2nd.
Tar Kee, 100, Queen's Road East - - -	7.30 a.m.	—	—	—	—	—
Wing Kee, 3, Endicott Lane - - -	—	8 a.m.	Noon.	7.15 p.m.	—	—
Tai Kee, 101, Queen's Road, Central - - -	—	8.15 a.m.	12.10p.m.	7.20 p.m.	—	—
Hing Kee, 111, do. - - -	—	8.30 a.m.	12.20p.m.	7.30 p.m.	—	—
Chong Kee, 1, Gilman Street - - -	—	8.45 a.m.	12.30p.m.	7.45 p.m.	—	—
Chu Kee, 225, Queen's Road, Central - - -	—	9 a.m.	—	8 p.m.	—	—
Tek Kee, 253, do. - - -	—	9.15 a.m.	—	8.15 p.m.	—	—
Sun Kee, 23, Hillier Street - - -	—	9.30 a.m.	1 p.m.	8.30 p.m.	—	—
Mun Kee, 15, Queen's Road West - - -	—	4 p.m.	—	8.45 p.m.	—	—
Wing Kee, 45, do. - - -	—	4.15 p.m.	—	9 p.m.	—	—
Wy Kee, 128, do. - - -	—	4.40 p.m.	—	—	—	—
Yip Kee, 148, Holly Wood Road - - -	—	5.10 p.m.	—	9.15 p.m.	—	—

REMARKS.

All the houses seem to have been very thinly attended during the past week. On the night of the 31st ultimo, out of 10 houses visited only two had any person gaming, viz., the "Yek Kee," No. 253,

Queen s Road, Central, had three persons gaming, and the "Tip Kee," No. 148, Hollywood Road, had four persons gaming. This the masters of the houses accounted for by the intense coldness of the weather.

(Signed) D. DALY,
Inspector, Water Police.

SIR,
Police Department, Wanchai Station,
January 4, 1869.
I BEG to report having visited the public gaming houses during the past week, as follows:—

Locality.	Name.	December 1868.				January 1869.	
		28th.	29th.	30th.	31st.	1st.	2nd.
100, Queen's Road East	- Tai Kee	- 7.30 p.m.	3 p.m.	7.30 p.m.	3 p.m.	5 p.m.	9 p.m.
148, Hollywood Road	- Yip Kee	- —	5.35 p.m.	2.40 p.m.	—	—	10.30p.m.
23, Hillier Street	- Sun Kee	- —	4.40 p.m.	—	—	—	11.20p.m.
3, Endicott Lane	- Wing Kee	- 3.30 p.m.	3.45 p.m.	—	10.25p.m.	—	12 a.m.
Tongman do.	- Yip Kee	- 3.40 p.m.	4 p.m.	—	10.30p.m.	—	11.50a.m.
Wingon do.	- Hong Kee	- 3.50 p.m.	4.10 p.m.	—	10.35p.m.	—	11.40a.m.
1, Gilman Street	- Chong Kee	- 4 p.m.	4.20 p.m.	—	10.40p.m.	—	11.35a.p.
225, Queen's Road, Central	- Shen Kee	- —	4.30 p.m.	—	—	—	11.25a.m.
253, Do. do.	- Yik Kee	- —	4.50 p.m.	—	—	—	11.10a.m.
15, Do. West	- Ming Kee	- —	5 p.m.	2.30 p.m.	—	—	11 a.m.
45, Do. do.	- Wong Kee	- —	5.10 p.m.	2.20 p.m.	—	—	10.50a.m.
128, Do. do.	- Wye Kee	- —	5.20 p.m.	2 p.m.	—	—	10.40a.m.

I found, as usual, the houses were well conducted, the gamblers of the lowest class, with very few exceptions, and the betting very low.
I saw no valuables whatever staked.
I think there was an increase of boatmen, but a decided decrease of chair coolies gambling.
About the usual quantity of females.
I saw only six Indians in the houses, four of whom were ex-policemen; they were not gambling, merely looking on. With respect to the instructions issued last week, that no Chinese in the employ of a European would be allowed to gamble, I believe the masters will endeavour to carry it out, as they cannot account at what moment an inspector may walk in or which of the crowd around the tables are employés of the police.

I am, &c.
(Signed) GEORGE HORSPPOOL,
Inspector.

W. M. Deane, Esq.,
Superintendent.

SIR,
Police Department, Wanchai,
January 11, 1869.
I BEG to report having visited the public gaming houses, during the past week, as follows:—

Locality.	Name.	January 1869.					
		4th.	5th.	6th.	7th.	8th.	9th.
100, Queen's Road East	- Tai Kee	- 5 p.m.	8 p.m.	8.30 p.m.	3 p.m.	7 p.m.	8.30 p.m.
148, Hollywood Road	- Yik Kee	- 11.15p.m.	—	—	4.30 p.m.	—	10.30a.m.
128, Queen's Road West	- Wye Kee	- 11.30p.m.	—	—	4.15 p.m.	—	10.45a.m.
45, Do. do.	- Wong Kee	- 11.45p.m.	—	—	4.5 p.m.	—	11 a.m.
15, Do. do.	- Ming Kee	- 11.50p.m.	—	—	4 p.m.	—	11.10a.m.
253, Do. Central	- Yik Kee	- 12	—	—	4.40 p.m.	—	11.25a.m.
225, Do. do.	- Shen Kee	- 12.10p.m.	—	—	4.45 p.m.	—	11.35a.m.
23, Hillier Street	- Sun Kee	- 12.20p.m.	—	—	4.50 p.m.	—	11.45a.m.
1, Gilman do.	- Chong Kee	- 12.30p.m.	—	9.20 a.m.	—	5 p.m.	12 a.m.
Wingon Lane	- Hong Kee	- 12.40p.m.	—	9.15 a.m.	—	4.50 p.m.	12.10a.m.
Tongman Lane	- Yip Kee	- 12.50p.m.	—	9.10 a.m.	—	4.40 p.m.	12.20a.m.
Endicott do.	- Wing Kee	- 1 p.m.	—	9 a.m.	—	4.30 p.m.	12.30a.m.

I found an increase in the number of gamblers at the commencement of the week, but a gradual decrease-towards the end.
The houses are generally crowded with coolies from 6.30 p.m. to 8.30, after which hour I find very little gambling.
At 11.45 a.m. the 9th, I found two servants, who stated they were unemployed, and were not gambling. I called the attention of the watchman, and advised him to send them away if they commenced, at the Sun Kee, Hillier Street.

RESPECTING GAMBLING LICENSES.

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At 8.30 p.m., 9th instant, I saw a servant to the Union Dock Company entering the "Ta Kee" Queen's Road East; I stopped him, but had not time to point him out to the watchman.

I am, &c.
W. M. Deane, Esq., (Signed) GEORGE HORSPPOOL,
Superintendent. Inspector.

Police Department, Wanchai Station,
January 18, 1869.

SIR,

I BEG to report having visited the public gaming houses since the 13th instant, as follows:—

Name.	Locality.	January 1869.		
		14th.	15th.	16th.
Tai Kee	100, Queen's Road East	5.30 p.m.	8.30 p.m.	9 p.m.
Yip Kee	148, Hollywood Road	—	1 p.m.	—
Wye Kee	128, Queen's Road West	—	12.40 p.m.	—
Wong Kee	45, Do. do.	—	12.25 p.m.	—
Ming Kee	15, Do. do.	—	12.15 p.m.	—
Tik Kee	253, Do. Central	—	12 a.m.	—
Shen Kee	225, Do. do.	—	11.55 a.m.	—
Sun Kee	23, Hillier Street	—	11.45 a.m.	—
Chong Kee	6, Gilman do.	1 p.m.	11.30 a.m.	8.20 p.m.
Hong Kee	Wingon Lane	1.10 p.m.	11.20 a.m.	8.10 p.m.
Tip Kee	Tongman Lane	1.30 p.m.	11.10 a.m.	7.55 p.m.
Wing Kee	3, Endicott Lane	1.30 p.m.	11 a.m.	7.45 p.m.

I found them well conducted, a great increase in the number of gamblers, chiefly chair coolies, their services being in a greater demand; but the betting very low, with but one exception at 11 a.m., 15th, at Endicott Lane, by a merchant just arrived from Shanghai.

I am, &c.
W. M. Deane, Esq., (Signed) GEORGE HORSPPOOL,
Superintendent. Inspector.

Police Department, Wanchai Station,
January 25, 1869.

SIR,

I BEG to report having visited the public gaming houses during the past week, as follows:—

Name.	Locality.	January 1869.					
		18th.	19th.	20th.	21st.	22nd.	23rd.
Tai Kee	100, Queen's Road East	8 p.m.	9 p.m.	7.30 p.m.	4 p.m.	6.50 p.m.	4 p.m.
Yip Kee	148, Hollywood Road	1.15 p.m.	4.15 p.m.	—	1.45 p.m.	—	9.50 a.m.
Wye Kee	128, Queen's Road West	12.55 p.m.	4.45 p.m.	—	2 p.m.	—	—
Mong Kee	45, Do. do.	12.40 p.m.	4.35 p.m.	—	2.30 p.m.	—	9.40 a.m.
Ming Kee	15, Do. do.	12.20 p.m.	4.25 p.m.	—	2.40 p.m.	—	9.30 a.m.
Tik Kee	253, Do. Central	12.10 p.m.	—	11.5 a.m.	—	8.25 p.m.	—
Shen Kee	225, Do. do.	12.5 p.m.	—	10.55 a.m.	—	8.20 p.m.	—
Sun Kee	23, Hillier Street	11.55 a.m.	—	10.45 a.m.	—	8.10 p.m.	—
Chong Kee	6, Gilman do.	11.40 a.m.	—	10.30 a.m.	—	7.55 p.m.	—
Hong Kee	Wingon Lane	11.30 a.m.	—	10.20 a.m.	—	7.45 p.m.	—
Tye Kee	Tongman do.	11.25 a.m.	—	10.10 a.m.	—	7.40 p.m.	—
Wing Kee	3, Endicott do.	11.15 a.m.	—	10 a.m.	—	7.30 p.m.	—

On the 18th instant, at the "Sun Kee," found a servant of Mr. Tuller's, late of Parker and Co., looking on. I directed the watchman to send him away if he attempted to gamble. At the "Wong Kee" found a horse boy named "Cha-a-Sow," employed by Mr. Butcher; he was at once ejected.

On the 21st, at the "Yip Kee," found an Indian watchman, in the employ of the Peninsular and Oriental Steam Navigation Company; upon my asking his name, which he refused, he immediately left the establishment. At the "Ming Kee," at 2.40 p.m., and also at 7.45 p.m. on Friday the 22nd instant, at the "Hong Kee," found a horse coolie, speaking very tolerable English, who said he was out of employment, but, as I have reasons for doubting his statement, I directed the watchman in first instance to send him away, in the second he left at once.

From inquiries, I find the man who was betting rather heavy last week at the "Wing Kee" was staying in Jervois Street. He has returned to Shanghai.

I found the usual quantity of coolies gambling and looking on; their betting, as usual, very low.

I am, &c.
W. M. Deane, Esq., (Signed) GEORGE HORSPPOOL,
Acting Captain Superintendent. Inspector.

No. 8.

No. 8.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to the Right Honourable Earl GRANVILLE, K.G.

(No. 665.)

Government House, Hong Kong, March 6, 1869.

MY LORD,

(Answered, No. 64., 1 May 1869, page 78.)

* Page 67.

† Page 25.

IN reference to the Duke of Buckingham's despatch of the 2d December last,* to which I have already in part replied in No. 664† of even date herewith, I have now the honour to submit the following observations on the suggested modes of granting future licenses for gaming houses.

2. I would, however, in the first place very respectfully observe that this Government, on which the responsibility, labour, and anxiety has devolved of introducing all the new legislation required to meet the exceptional circumstances of this Colony, legislation which as a matter of fact has been unquestionably successful, might reasonably have hoped, when his Grace was commenting on a part of that legislation, to have been met in a somewhat different spirit from that which a cursory reader could not help attributing to the despatch now under reply.

3. When the duke "expresses his entire disapproval of the proceedings which my despatch had disclosed," and "requests me clearly to understand that unless they can be "put a stop to and a less objectionable system organized he will be reluctantly forced "to reconsider the question of granting licenses to gambling houses, &c. &c.," he uses language liable to be misapprehended. Such remarks imply a general censure on this Government for all its proceedings in attempting to cope with evils which it did not create but which it found here, and which, owing to peculiar circumstances of this place, engendered such serious crimes and corruption, that unless I was contented to abdicate the functions of government, it was my clear duty to grapple with them in some effectual manner.

4. Moreover, the despatch on which that sweeping comment is made deals with many topics. It discloses amongst other things the proceedings adopted by this government for the diminution of theft among servants, and gives comparative statistics in illustration of that important subject. It also details the steps taken for the exclusion of foreigners from the licensed houses, as affording an unnecessary encouragement to gaming.

5. Now, it seems impossible that the duke could have meant to denounce such "proceedings." I am, therefore, naturally sorry that his remarks are so general as to include them. This is the more unfortunate because in reality his Grace will be found merely to condemn what I had myself previously condemned, and what I had even corrected, as for example the payment by the licensees of an excessive salary to Mr. Caldwell, who now receives \$4,800 per annum in lieu of \$20,000. It seems, therefore, unusual that whilst his Grace and myself were really in perfect accord as to the general policy appropriate to adopt, all the proceedings of this Government should have been commented on in a manner calculated to produce so opposite an impression.

6. The enclosures in my own despatch show how very strongly I had, from the first, exerted myself to keep the transactions of this government with the licensees above all doubt and suspicion by insisting on their being direct personal transactions between the Government and the licensees. All business was therefore arranged by myself and the licensees in presence of leading public functionaries, such as the Colonial Secretary and the Auditor General.

7. It may be true that the time has now arrived when the Government has acquired experience sufficient to devise some new and better mode of allotting the licenses, but I venture to assert that nothing has occurred to show that, at a time when all was experimental, the executive here had not adopted the best possible and simplest policy by summarily selecting from the parties applying those who were most respectable in fortune and character. Experience, and probably much more than that yet acquired, can alone evolve a principle to serve as the mould wherein to shape future transactions, and I very much question if the best principle has yet been discovered.

8. It is more easy to assert than to prove that there "are only two" right modes of procedure, viz.:—either accepting the highest offer or deciding by lot the fees and regulations being previously fixed. The probability is that a better plan than either will yet be devised. Of those two methods, however, I strongly object to the first, because accepting the highest offer would expose the motives of Government to misconstruction and degrade it in the opinion of the Chinese, whilst practically it would be almost impossible to carry it out.

9. From what has hitherto occurred, it is quite evident that the most reckless offers would be made, the highest probably emanating from the least solvent parties. The result therefore would be a break down, or at least a remission of a portion of the fees, the promise to pay which had been the original reason for rejecting the offers of more respectable parties. There would thus be nothing certain or fixed in a matter which it is most desirable should not be liable to change; first, because such changes prevent the acquisition of the necessary experience by the licensees and the constitution by them of a staff qualified efficiently to carry out the regulations of Government; secondly, because such changes, which could never be adequately explained to the outside public, are in themselves far more provocative of the suspicions apprehended by the Duke of Buckingham than anything which has ever occurred yet. In fact such suspicions in regard to the executive do not and cannot exist so long as all transactions affecting the licensees take place as at present directly between them and the governor.

10. Such a blunder therefore as that committed by the original licensees in engaging to pay a salary of \$20,000 for one year to Mr. Caldwell or any one else as their general agent is not likely to occur again, because the licensees have now necessarily discovered to their cost, that despite of such payments they were obliged to be their own agents and transact their own business direct with the Government, and I submit that such a policy was at first the very best which could have been devised to prevent misconception.

11. In reference, however, to the other method suggested by his Grace, namely distributing licenses by lot subject to certain fixed conditions, I do not at this moment see any reason to think it might not hereafter be usefully adopted as the basis of a safe permanent system, the details of which however would require to be carefully filled up after much further consideration and experience.

12. It is therefore very fortunate under all circumstances that the working of the present arrangements is so satisfactory that there is no prospect of any immediate change being required, and therefore that there is leisure for reflection. The returns which I have transmitted in my despatch No. 664* by this mail may be regarded as favourable to this view, for they prove at least the great exertions which are being made by the licensees, and by their detective staff to assist the Government and carry out its regulations.

* Page 25.

13. The licensees have, moreover, gone to considerable expense in building appropriate houses and forming their staff, which has become unusually efficient. I hope therefore I am safe in presuming it is not intended that, suddenly and without any fault on their part, I should recall the licenses merely to test another experiment in the mode of distributing them. To do so, in the absence of any charge against the licensees, would necessarily shake all future confidence in the Government and render similar transactions with the Chinese by any method, whether such as the Duke of Buckingham has suggested or otherwise, liable, and most naturally so, to suspicions of bad faith. The better class of natives would also probably be deterred thereby from entering into any engagement with the government requiring the outlay of capital and industry.

14. In the event however of any circumstances terminating existing arrangements with the present licensees, who may not be able to pay much longer the high monthly fee now exacted, I will endeavour that this Government shall be prepared with a complete plan, founded, if possible, on the basis suggested by the Duke of Buckingham, and also that future licenses shall be allotted in accordance therewith.

15. I shall therefore submit the Duke's despatch and this reply to my Executive Council to advise as to the best means of giving effect to his Grace's suggestion, when occasion may arise.

I have, &c.

(Signed) RICHARD GRAVES MACDONNELL,
Governor.

The Right Hon. Earl Granville, K.G.,
&c. &c. &c.

No. 9.

No. 9.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to the
Earl GRANVILLE, K.G.

(No. 693.)

Government House, Hong Kong, 24th April 1869.

MY LORD,

(Received June 19th, 1869.)

Page 77.

I have the honour to acknowledge receipt of your Lordship's Despatch No. 16*, of the 4th February last, covering copy of correspondence with, and a Memorial from, the "Association for Promotion of Social Science," commenting on an answer which I had sent to a previous Memorial from that Society.

2. This reference to the subject may appear somewhat late, but I confess that it was not my original intention to notice that correspondence or the statements subsequently advanced by members of the Association in their interview with your Lordship on the 9th February, because their assertions appeared so palpably incorrect and their arguments so inconclusive, as to leave my reply to their first memorial practically untouched.

3. It has, however, been since strongly pressed on me that a person like myself, whose attention has been much occupied with any subject in all its details, and who resides on the spot where a novel and exceptional experiment, like that under discussion, is being carried out, becomes too apt, from his own propinquity to the best sources of information, to misapprehend the great difficulties of others less favourably situated. He does not find it easy to realize the burden of detecting at a distance the inaccuracy of statements positively advanced when no one is at hand with the necessary information to refute them.

4. There is also difficulty in apportioning correctly in such cases the relative weight which even admitted facts bear to the whole argument. I therefore feel it my duty to prove the inaccuracy of the leading statements of the Memorialists in their written communication as well as in their interview with your Lordship. I perceive that my silence might under the circumstances be otherwise misinterpreted.

5. In the following remarks, however, I only seek to correct actual mistakes as to fact, for the purpose of better enabling your Lordship to determine what policy Her Majesty's Government should finally adopt in this matter. It would therefore serve no good purpose now to allude to the numerous mistakes into which the Memorialists have fallen, in supposing that I had suppressed "my reply both in the Colony and from them," whilst at the same time they say that "I published it to the world," a proceeding which appears at least inconsistent with a wish to suppress it. Possibly I may misunderstand their meaning, as it is obscured by the phraseology of paragraph 8. in their Memorial to which I am referring. I assume them, however, to be now at least aware that such charges are untenable, and I have to thank your Lordship for at once putting an end to such absurd imputations by forwarding to the Memorialists my reply.

6. Nevertheless, before entering into the new matter brought forward by the Memorialists it is better to clear up some minor inaccuracies in their comments on that reply. I admit it has little connexion with the main question whether I devoted eleven paragraphs, as they state, or more to refuting an untrue assertion, viz.:—that I had put up the licensing farm "to sale, and granted it to the highest bidder," or whether I had stated in the last paragraph of my reply, that a refutation of such an assertion was the "one single *object*" to which they say "the whole of that pretended reply to the former Memorial was devoted."

7. As a matter of curiosity, however, it may be worthy of note that the last paragraph of my reply makes no such assertion. On the contrary it founds my *claim* on their attention to their mis-statement of a particular fact, whilst it craves indulgence for "the additional remarks" made, and I presume the mere fact of my introducing those remarks proved them to be at least an *object*, and possibly a very important object, of the so called "pretended reply."

8. Neither can I admit the justice of applying a similar arithmetical computation of the number of paragraphs in which a statement is repeated, as a test of the value attributed to, or the force really meant to be given to such statement. Thus, if, to put an extreme case, a person be called a "liar" in merely "one solitary passage," which is the plea "ad misericordiam" of the Memorialists in alluding to their most unfounded charge of this Government having sold the Licensing Farm to the highest bidder, the person alluded to would according to the Memorialists have less right to refute such charge than if it had been made in more than one paragraph.

9. The "solitary paragraph" involved a direct contradiction of my whole explanation of the Government policy, and implied that such policy was more or less guided by a sordid motive of greed; therefore, if I had consumed more than eleven paragraphs (for the Memorialists have counted them), in refuting misrepresentations on that point, which I then stated "to be the easiest and most unfair on which to excite popular prejudice," I still conceive that I would have been perfectly justified in so doing.

10. It may perhaps seem superfluous to consume another paragraph now in pursuing the Memorialists to the position where they have retreated, and depriving them of the consolation of endeavouring to persuade your Lordships that, "reading their former statement with the context," they are not even open to the charge of inaccuracy "because I did not venture to say that the offer of upwards of 300,000 dollars was made by a bidder," &c. &c. &c. As I have no other conception of a man who "bids" than as one who makes an offer, nor of a man who makes an offer than as one who "bids," I confess such a distinction without a difference as laid down by the Memorialists seems to me puerile and unmeaning. I had quoted for their information a statement advanced in a Despatch from me to the Duke of Buckingham to the effect that more than \$300,000 or in fact \$365,000 had been actually offered as the Annual License Fee. Whether it was a "bid" or an "offer" seems quite immaterial. I could as easily have accepted it, and obtained the advance caution money from the parties "offering it," as if they had "bid;" and I have no reason to regard such offer as less "bonâ fide" than that which was accepted, whilst there was no difference in the mode in which any of the offers were made, viz., by written tender.

Governor to
Secretary of
State, No. 439,
30th January
1868.
Vide Papers
presented 15th
June 1868,
page 41.

11. The Memorialists however insinuate that, after all a lower bid with "good security," &c. &c. might be equivalent to the highest. That is precisely one of the many assertions which can be easily predicated of all such transactions and yet admits of no refutation. I confess it to be easier to ensure punctual payment of £100 than £200 as rent for anything, and when, instead of dealing with generalities, the Memorialists prove the motive of this Government not to have been what I asserted, but to have simply been an effort to get the greatest amount procurable with certainty, they will then have advanced a step further towards establishing their case. Till then their argument, which by the way assumes me and my Executive Council to be throughout unworthy of belief, is but a dreary and unapplied platitude, that commands universal assent.

12. I now pass to another part of the subject on which the Memorialists greatly rely, and which I may designate their personal argument. They assume, or at least mention it "to have been stated" that a Mr. Caldwell, formerly Registrar-General of the Colony, had in some way negotiated or conducted the grant of the Gambling Farm, and that this subject is thereby invested "with a new and painful interest."

13. I shall not encumber this Despatch by any protracted inquiry into the personal merits or demerits of Mr. Caldwell. He has no connexion with Government and the point is irrelevant. My attention was first called to his case by a very unexpected appeal to me in his favour by the members of the Legislative Council and others, who seemed to think that the provisions which I matured soon after my arrival for the better Registration of Shipping and Prevention of Piracy by the "Harbour and Coasts Ordinance" could be greatly promoted by Mr. Caldwell's aid. I found a very general impression that although he had been extremely injudicious in his "long and intimate connexion" with the Ma-chow-Wong alluded to by the Memorialists, which is really the main fault brought home to him by the Commission of Inquiry, and never denied by him, he was rather the dupe than the confederate, and that he had not been a dishonest or useless public servant. I myself doubted whether in one or two respects Mr. Caldwell had been rightly judged.

No. 6 of 1866

14. On the whole I was for a short time not disinclined to consider the suggestion of the Council if approved by the Secretary of State, but soon found that I had no need for Mr. Caldwell's services either directly or indirectly, because the working of the new Registration Ordinance under the very able superintendence of Mr. Cecil Smith, who is also a competent Chinese scholar, speedily relieved me of any apprehension as to the ability of Government to meet the exigencies of the position.

15. Mr. Caldwell, however, is to this day profoundly ignorant of the impression, which the appeal of the Council made on me at the time, and it will be gratifying to the Memorialists to learn that I never even saw or had any communication with Mr. Caldwell till nearly a year after the original of what they call "the Gambling Houses Ordinance" had been passed. I may add that whatever was done in maturing that measure, as well as all the subsequent steps connected with setting it in motion and farming the licenses were all carried out by myself in conjunction with members of my Executive Council;

No. 8 of 1856.

Mr. Caldwell never exercised the most remote influence in shaping the Government policy in connexion with that subject.

16. Nevertheless, the position and legitimate influence which Mr. Caldwell undeniably does hold here in reference to the Chinese community and the confidence which they repose in him are such that in all large or unusual operations carried on by Chinese it would be surprising if they did not look to him as their special adviser. Thus, when all the Government measures had been completed, Mr. Caldwell then appeared on the scene as the accredited agent of the parties who had obtained the licenses.

Vide Enclosure
No. 3 in
Governor to
Secretary of
State, No. 571,
16th Sept. 1868,
page 14.

17. Contrary however, to what the Memorialists imply, Mr. Caldwell was at once very summarily prevented by me from transacting any business with the Government, and, to avoid all room for misconception as to the motives and intentions of Government in so novel an experiment, I insisted on the licensees at the outset transacting their business direct with myself, attended by some members of the Executive Council, a plan which, with the assistance of Mr. Cecil Smith, I found no difficulty in carrying out.

18. If I have any sympathy for Mr. Caldwell he has had no reason to suppose so from my actions, for, when I discovered that he received what I thought an exorbitant salary from the licensees, I immediately reported the fact to the Secretary of State, and, foreseeing that such a proceeding might be misunderstood by the Chinese, I secured its reduction by three-fourths, though his duties were being doubled. Finally, I now regard him as a hard worked man, who thoroughly earns what he receives from his employers. On the other hand the latter retain him simply because he is the best man they can hire to carry out the Government Regulations against illegal gamblers, and assist in the detection of returned convicts and bad characters.

19. In fact, if everything alleged against Mr. Caldwell were true, contrary to the general impression here, I should look on him as being at last in his right place, and should consider that Government has infinitely less to do with his character and status than with the character of the licensees. He is a mere instrument, though an effective one, whilst from the nature of the system established, the better he serves his immediate employers the better he also serves the public and the Government. Hence I do not believe that "any new or painful interest" as alleged by the memorialists, is brought to bear on this question through any part taken therein by Mr. Caldwell. On the contrary that gentleman seems at last to be used in the most appropriate manner.

20. Of course your Lordship perceives that although in the above remarks I point out for your Lordship's information errors of the Memorialists, I do so without the intention or expectation of converting the latter to my views. They still maintain and no doubt always will maintain that none of the facts and proofs upon which their first memorial was "founded are refuted," or even "noticed except by an occasional denial," whilst "my silence as to many of them would seem to confess them to be true."

21. I protest, however, against the never ending task which these gentlemen and others would put on me. I may argue and conclude that two and two make four, but I do not undertake to make unwilling reasoners comprehend either my simplest arguments or most evident conclusions. I, moreover, never assumed in my reply to them to enter upon every topic connected with matters which have occupied attention for upwards of two and a half years of my own administration, and had been the subject of a voluminous correspondence long previously, and I deny that I can reasonably be supposed to admit all assertions to which I do not allude. I have done what all but the most exacting could expect. I have from time to time, as reference to my Despatches will prove, patiently replied to fresh arguments as they arose against the policy of the present licensing system, whilst I have never pretended to uphold it against any equally effective measure to put down police corruption, and suppress the evils of secret gaming.

22. Therefore, I took the liberty of referring the Memorialists in more than one paragraph of my reply to the previously published official correspondence on the subject, and confess my inability to do much more now, because no amount of reiteration can strengthen an argument.

23. I will illustrate this by referring to the stock argument of all who assume that they prove the impolicy and iniquity of a particular policy by imputing unworthy motives to those who have the responsibility of superintending it. Such reasoners argue that licensed gambling produces a revenue, and, therefore, that revenue must be the object of licensing, and hence they conclude that such policy is iniquitous and myself a very bad sort of person indeed for supporting it.

24. On the other hand I maintain that their conclusion is mere assumption and not just inference, because their main premise; viz.:—that revenue forms the "object" of myself and Council, is untrue, and, therefore, the conclusion which it supports falls to the ground.

25. Now, unless I and my Council are unworthy of credit, our object, by which I mean the primary object of the whole policy, and in the absence of which object there would be no licensing system at all, is and has always been the suppression of police corruption and of the many gross evils inseparable from the existence of secret gaming haunts, which as yet we see no other means of extirpating.

26. If, therefore, our *motive* be a matter calculated to affect the discussion, I do not see why I and my Executive Council, who must know what we think and wish, are less trustworthy than Mr. Murrow, while, so far as the correspondence and our actions can vouch our intentions, we think they corroborate our assertions.

27. In my first Despatch on the subject, which is that most calculated from its somewhat crude expression of my early ideas to favour the theory of the Memorialists, I mentioned that the measure was advocated by the members of the Legislative Council, and certainly I never heard objections here from any one till long afterwards as to the revenue arising incidentally from it. Nevertheless, if it had been proposed merely as a means of raising revenue, I am convinced that it would not have received the vote of one individual in the Council.

No. 112,
28th Aug. 1866.
Vide Papers
presented 15th
June 1868,
page 24.

28. The ground, however, on which even then I myself placed its necessity (Par. 3.) has never changed, and is still the same, viz.; the hopelessness of suppressing gambling by mere laws or by any police procurable by the Colony, together with the miserable corruption of the police, &c. &c. &c., all resulting from the old system which seemed to me thoroughly played out.

29. I mentioned in the same Despatch the large amount which the Chinese would give for licenses and which I then computed at \$200,000 per annum (which, strange to say, is the very sum now paid) as a tolerable measure of the extent of the bribes which the Chinese could afford to offer. I also observe that I allude in the same sentence to revenue to be derived from gaming licenses, and that actually drawn from opium, though never meaning thereby to put the two things in the same category, except as to the *fact* of a revenue resulting from each. There may be good reasons for raising a revenue from opium here as from the sale of spirits in England, but nothing could justify legislation *framed with the object of raising a revenue* from gaming.

30. Discussions by the press in England, where of course the exceptional circumstances of this Colony are only understood by very few, had, no doubt, the effect subsequently of inducing several here to assume as high a moral tone as their friends at home, and to effect an equal horror of any revenue arising from such a source, though I understand that at an earlier period an attempt by some clergymen to get up a petition against the measure failed to obtain a dozen signatures.

31. It is most unfortunate, however, that whilst all were anxious to abolish corruption amongst the Police and also to put down secret gaming, no one seemed able to suggest any other equally efficient system for accomplishing those admittedly important objects.

32. I have always said and have said it in fifty different ways that the Revenue in question does not comprise the system, and is not the object of the system. It is a thing apart—an excrescence—which may be separated from it, and thrown into the sea or otherwise got rid of. It may be presented to an hospital, it may be used foolishly or wisely, but I have persistently denied the right to mix it up *with the objects* of a policy to which it is more an encumbrance than a help by reason of the discussions it provokes.

33. That is the argument to which I alluded above (Par. 21.) when I stated that I had practically only asserted two and two made four, but was not responsible for the memorialists failing to see it, for that proposition is not clearer than the fact that a Revenue resulting from the licensing system is no argument against that system, provided these two conditions be established,—First, that such Revenue is not the object of the system, and, secondly, that Government really sees no way in which the evils to be suppressed can be otherwise put down. That is a point of extreme moment, and I shall presently invite your Lordship's especial attention to it.

34. Meantime, I should of course very much regret that the unreasoning but well-meant sentiments of persons, who are themselves unable to substitute a more effective policy, should from any apprehended imputations be allowed to overthrow a system now quite removed from the region of experiment and matured with much care and trouble into a highly successful Police measure that has fully realized all reasonable expectations.

35. It is, however, high time now to consider whether the second condition precedent, which I frankly avow ought *to be insisted on*, has been established, viz.; that no other effective plan for suppressing secret gaming and its many gross evils, including Police corruption, has yet been devised.

36. I can imagine Mr. Anstey in his interview with your Lordship on the 9th February positively affirming that application of the laws of China in Hong Kong would have

Encl. No. 1.

been sufficient to suppress gambling, and that it could be done by enforcing collective and mutual responsibility by the "Kea" and the "Kap" and the "Paou!" I can also fancy a listener to such declaration, exclaiming,—What a shame it was that this Government had not long since resorted to the "Kea" and the "Kap" and the "Paou"—so effective in China!

37. I am sure your Lordship must have supposed that part of the Memorialists case to be very strong, especially as Mr. Anstey did not hesitate to say that for many years Mr. Caldwell had been the "go-between in the intrigues to legalize gambling and convert it into a profitable farm!" and that it was "untrue this Government had exhausted penal means of suppression." Now, whilst merely traversing directly so far as concerns my administration the above assertion as to Mr. Caldwell, I am prepared to join issue on the latter important point, and am confident that neither myself nor any member of the Executive Council would have consented to the present system, if we had not conscientiously believed we had exhausted all other known or available means to eradicate yet greater evils.

Encl. No. 2.

Vide Enclosure
No. 2, pars. 7, 8.

Vide Enclosure
No. 2, par. 17.

Vide Enclosure
No. 2, par. 8.

Vide also
Governor to
Secretary of
State No. 439
of 30th Jan.
1868.

See Papers
presented 15th
June 1868,
page 41,
paras. 14 to 17.

Vide Enclosure
No. 1.

Extract from
"London and
China Express."

38. I take the liberty, however, in answer to such allegations against this Government, to "put in" a statement which I made publicly in May last year in Council in reply to some questions of Mr. Keswick. Those explanations sufficiently showed that nothing but necessity drove the Government to adopt the present policy, and they also illustrated the real feeling of the Chinese in reference to recent legislation, and instanced the ineffectual attempts made by the police by breaking into illegal gambling haunts to suppress them, because as many appeared to exist at the end of a year as at the beginning—a fact proved in 1865, during which 45 illegal gambling houses had been broken up.

39. I therefore observe with pleasure that, in the interview between your Lordship and the Memorialists on the 9th of February, your Lordship expressed your anxiety to know whether there was any practical way to the suppression of gambling in Hong Kong by penal means, because the authorities there said they had exhausted those means and yet failed, whereas the Memorialists asserted that no real attempt had been made to suppress gambling. As all the collateral issues raised in connexion with this subject are immaterial in comparison with that raised by your Lordship, I propose to examine carefully the positive assertions on that head advanced by the Memorialists, and I think your Lordship will be satisfied that no portion of their case is so weak, or so capable of direct refutation.

40. I need scarcely observe, that whatever difficulty an English statesman may naturally find in dealing with revenue derived from gambling licenses, although such revenue irrepressibly arises from efforts to regulate a great evil thought to be otherwise beyond control, such difficulty partakes rather of sentiment than principle, whereas the open establishment in a British Colony of a system of vicarious punishment, such as that of punishing ten men or a hundred men alike for something done by one of them, or possibly by none of them but by unknown parties, is a very serious question of principle. Objections have been raised to the old Navy system of flogging the last man aloft to reef topsails, as of course on such occasions some one must have been last; but if all the crew had been flogged because the master put the vessel on a sand bank, it would not have been in principle more unjust than punishing a hundred men at Hong Kong for something done probably by none of them.

41. Nevertheless, no one is less disposed to raise such objections than myself, and if necessity or public expediency strongly requires a special measure under special circumstances, I have in such a case shown that I am not disposed to criticise too minutely the means employed. There must, however, be some limit to the application of the principle, for I presume even Mr. Anstey would not suggest it should be carried as far as in China, and would not recommend a British Governor to torture the aged parents of a supposed criminal with a view to their betraying the place of his concealment. Hence the question of what that limit should be becomes a point of detail and degree.

No. 7 of 1866.
Vide Sec. 17.

42. Thus I had not been many months in the Colony before I introduced an amended registration ordinance with many novel and important provisions, and amongst them that of vicarious responsibility within certain limits, as for example—making registered householders responsible for payment of fines incurred by residents or lodgers in houses for certain offences, more especially gaming. Even then householders are given a remedy over against the original offenders, if they can catch them; but to go further would, I apprehend, be too inconsistent with existing constitutional principles, and more in conformity with the legislation which formerly permitted torture and other Chinese enormities of the present day.

43. It is also probable that a much more extensive application of the principle would so overshoot the mark as to render legislation of that kind impracticable and inoperative

side by side with English laws and usages, for such antagonistic principles could scarcely be worked harmoniously in English Courts.

44. In proof of this I have already reminded Her Majesty's Government of the marked discontent of the principal Chinese at the provision in question, whereby any responsibility is imposed on householders by the acts of others, even their own tenants, over whom they must be admitted to have some control. Vide Enclosure
No. 2, Par. 17.

45. It may, however, be considered fortunate that the attempt to push such vicarious punishment further was actually made here, and therefore we can test its utility and success, for Mr. Anstey, when residing here and holding an influential position as Attorney General and Member of Council, had enjoyed the opportunity of himself initiating the experiment. He was actually employed to draught and assisted to pass Ordinance No. 6. of 1857, which remained in force from May of that year to May 1858.

46. Mr. Labouchere, though not objecting on the part of Her Majesty's Government to give the experiment a trial, nevertheless whilst pointing out some very palpable defects in the Ordinance, stated that he felt "very little confidence that its general provisions would work satisfactorily." Nevertheless, every one here seemed originally disposed to test the experiment fairly, whilst the Governor (Sir John Bowring) exhibited much anxiety on the subject, and must be admitted to have taken very great trouble in connexion with it.

47. Nevertheless, after a year's experience the prognostications of Mr. Labouchere proved correct, and the Governor in carrying out the instructions of the Secretary of State as to certain required alterations, not in the least affecting the tithing system, judged it expedient, after receiving reports from the Superintendent of Police, the Registrar-General, and Governor of the Gaol, as to the results of their observations and experience, to introduce and pass the remodelled Ordinance No. 8. of 1858, which still remains on the Statute Book, but from which the tithing and the Kapcheong have fallen out.

48. Mr. Anstey, who had draughted the new Ordinance and voted for it, and who had previously reported to the Governor that he considered the draught such as "to reconcile every opinion and sufficient to meet the wishes of the Government," protested against it a few days after it was passed. He alleged in his protest that his experiment had not been tried, because no "Kap," or tithing had been formed, and no "Badge" delivered, &c. &c. Now as the Governor and the officers more immediately concerned had reported the Ordinance to be impracticable, I think their opinion on an executive point is as much entitled to respect as that of Mr. Anstey. I also infer that if no tithings were proclaimed it was because there was good reason for thinking the result would not compensate the trouble and possibly the risk of popular discontent.

49. I will, however, go further and say that, even if the Ordinance had been carried out to the letter, a reference to the very vague and loose wording of the only sections which specially distinguished it by introducing Chinese usages, will prove that its provisions contrast most unfavourably with the strict enactments introduced by myself as to responsibility of householders within the well defined limits wherein they are held responsible. I would also point out that the punishment by imprisonment, instead of merely a pecuniary penalty in the first instance, is available under the Ordinance now in force for offences against regulations promulgated for either the suppression or control of gambling. Vide Ordinance
No. 7 of 1868.
Vide Sections
17, 18 & 19.
No. 9 of 1867.
Sections 19, 20.

50. I also cannot admit Mr. Anstey's assertion when, in alluding to enforcing the Chinese laws of collective and mutual responsibility by means of the tithing (Kea or Kap) and the hundred (Paou), he describes them institutions which had been especially recognized by the Hong Kong Legislature in ordinances passed in 1844 and 1857.

51. The Hong Kong Legislature had recognized no such thing, for the only ordinance of the kind passed in 1844 was one whereby the Governor was authorized to appoint certain Chinese peace officers when recommended to him by the various towns, villages, and hamlets of the Colony, and if the institution of the hundred or Paou be of such importance as Mr. Anstey represented it on the 9th of last February, it is most remarkable that he did not include it in his model ordinance of 1857. That ordinance goes no further than instituting tithings and omits the hundred or Paou altogether. It is also unfortunate that the same model ordinance deals with "the collective and mutual responsibility system," now stated to be so important, in such a manner as to be meaningless and almost necessarily inoperative.

52. On that point I have no hesitation in saying that any person who, instead of listening to vague declamation on the wonderful results of the cabilistic Chinese words with which Mr. Anstey probably produced some impression on the 9th of February, will turn

to the ordinance itself draughted by Mr. Anstey, he will find that the duty of each householder and each Kapcheong was merely to be generally useful in preventing crimes and "to the extent of their ability" to aid the constituted authorities in various ways, including execution of writs, &c. and such like services, whilst *there actually is not one syllable about the Chinese doctrine of mutual responsibility* or how it is to be enforced beyond a *vague notification* in section XIII. that in every tithing the occupier of every house shall "answer to Her Majesty for the good conduct of the others;" every one in fact was to behave well in a general way, and if he did not, something very terrible, on the principle "*omne ignotum pro magnifico*," was to happen!

53. I therefore must say that I should greatly pity any householder who might have been expected to learn the extent of either his duties or liabilities from the provisions of Mr. Anstey's ordinance, and I put it to your Lordship whether the doctrine of mutual responsibility by householders is not at present more fully and clearly set forth and applied to suppression of gambling in the existing registration ordinances than it ever was in that draughted by Mr. Anstey.

54. The latter however, complained that his "experiment never was tried," whereas I think it clear that even if the authorities could have put life into the vague and misty shapes of his tithing men and Kapcheongs no experience would thereby have been gained of the actual working of a genuine system of Chinese mutual responsibility towards the Executive. With them that responsibility is most carefully and sharply defined.

Encl. No. 3.

55. I regard, therefore, that part of the Memorialists case as a complete break-down, but the enclosed opinion of the present Attorney-General (Mr. Pauncefote) will place more fully and authoritatively before your Lordship the actual character and extent of the legislation of the Colony in reference to the subjects alluded to.

No. 14 of 1844.

56. Your Lordship will perceive that the Attorney-General does not support Mr. Anstey in his condemnation of "the only local ordinance against Gambling," which the latter states "to have been so ill penned as to be found to be inoperative." I conceive such an observation to be specially unfortunate, as the ordinance in question is remarkable for completeness, distinctness, and brevity. I certainly never heard of any escape from justice through its deficiency though I have heard of numerous cases of the guilty escaping through the corruption and venality of the persons charged with execution of the laws, and who, under the old system, would put aside "en bloc" fifty as readily as one ordinance. In fact Mr. Anstey might amuse himself draughting twenty ordinances per annum on the subject, but of what use would they all be, if the gamblers could purchase immunity from the police. *Quis custodes custodiat ipsos?* I therefore regard all such discussion as mere waste of time now that we have had experience.

57. So far as legislation goes towards suppression of crime the progress in recent years has been peculiarly marked, and subjects which it was thought hopeless to grapple with, such as piracy, have been effectually dealt with. This Government is, therefore, not open to the charge of inertness in that respect; nevertheless no legislation can prevent "employés" having their price if there be parties who have money and inclination to buy them. The Government, therefore, regulated what it could not abolish; and when Mr. Anstey asserts that gambling is "the one vice which cannot be regulated," and which this Government "did not pretend to regulate," he merely commits the Memorialists, as their spokesman, to a very foolish and incorrect statement. Gambling is at this moment the subject of regulations here. It is regulated as to its hours, as to the persons who may play, the places where they may play, the nature of the things which they may stake, and numerous other details.

58. As the assertions of the Memorialists, or those made on their behalf, do not seem fortunate, I feel some compunction in now depriving them of the support which they expected to derive from Mr. Murrow's very effective point at their interview with your Lordship, when he dwelt on "the persistence and success of the Chinese Government in "putting Chinese Laws against Gambling Houses into effect," and affirmed that "Gambling had expired and *was crushed at Canton*."

London 1868.
Page 280.

59. Gambling is certainly forbidden by Chinese law, but it is "nevertheless openly practised," as stated most truly in the Rev^d Mr. Doddlittle's admirable book describing the "social life of the Chinese," whilst Mr. Murrow's allusion to Canton is especially ill-timed at this moment. So far from being "crushed at Canton," the Government there last year concluded an arrangement with some wealthy Chinese, giving them the privilege of opening six gaming establishments during 4 years for 330,000 taels, or \$440,000, payable to a Government department. The above price is exclusive of many other dues exacted, no doubt by the different local mandarins, and amounting probably to half as much more.

60. I enclose a thoroughly reliable list received from two distinct sources of the six establishments enjoying the sanction of the Chinese authorities, and I really do not think, under such circumstances, that Chinese prejudices or Chinese example need in the least affect your Lordship's calculations when making the arrangements best adapted to the interests of the Colony. I think the suppression of the gross evils inseparable from police corruption and the increase of crime through the existence of secret gambling haunts, are subjects which may therefore safely be legislated for without much deference to any Chinese anti-gambling prejudices!

Encl. No. 4.

61. When recently visiting Canton with a view to inspecting the prisons there I was much struck by the open manner in which street gambling and play with dice in coolie sheds accessible to the public was permitted by the police. I have since learned the existence of secret but well frequented houses at Honam and in Canton, which are represented to me as quite separate from those licensed by the Chinese Government. In fact, from all I can learn, gambling in China is everywhere forbidden and everywhere practised, and is everywhere the source of a great amount of mischief, aggravated by the injudicious manner in which it is dealt with by the authorities.

62. I will now enclose for your Lordship's information the Police Return for the month ended on the 14th instant, of the number of illegal and dangerous characters arrested; viz.—46; and I invite attention to the fact that all those 46 persons were captured through information supplied by the agency of Mr. Caldwell acting for the licensees.

Encl. No. 5.

63. I next transmit the return of charges of larceny against servants during the first quarter of the current year, a period which, moreover, included the time of greatest temptation to that class during the peculiar festivities and obligations of the Chinese new year in February. I may here inform your Lordship that the evil which originally I, and others, most apprehended, was the temptation held out to servants by opening legal places of gaming. The result, however, contradicts all expectation, and proves under what control the licensees are kept by the present system. Formerly the cases of larceny by servants averaged upwards of 80 per quarter; whereas since the institution of duly supervised licensed houses they have gradually diminished from 80 to 40, 30, 20, and 17, and have now fallen to 16, the lowest number yet reached.

Encl. No. 6.

64. I next enclose the return received from the licensees of the number of servants and others *turned away* from the licensed houses in the course of the month. This is one of the Regulations which accounts for the above most remarkable reduction in cases of larceny by servants. 186 persons are said in that return to have been sent away, but of course that is a return which I cannot check. The diminution of crime amongst servants, however, lends a probability to the accuracy of the return. I may here observe that Mr. Caldwell's own report of illegal gamblers and suspicious characters, which accompanies the last named return, claims fewer arrests through his agency than is admitted by the police in the return compiled from their charge sheet. This is satisfactory, as evincing no tendency to exaggeration.

Encl. No. 7.

65. Finally I will only trouble your Lordship with one more document on the subject: namely, the last weekly reports of the Inspectors charged with the duty of visiting all the licensed houses at uncertain periods and reporting each week exactly what they notice. I consider their reports highly satisfactory of late, and the more so that the police and licensees are now mutually pitted against one another, instead of being joined as formerly in a guilty and corrupt league to deceive the Authorities. Hence any praise from the Inspectors, who moreover are changed monthly, is probably well deserved.

Encl. No. 8.

66. Having by the above returns endeavoured to enable your Lordship to judge as well as myself how the system is working, and to contrast the present regularity, decrease of crime, and relief from the canker of police corruption with the evils of the past, I think your Lordship must be in a better position to decide whether any fear of misapprehended motives can justify the deliberate abandonment of great and certain public benefits, and the wilful re-introducing of old and acknowledged mischiefs without the least reasonable hope of thereby abating the evil of gambling.

67. I do not say much as to the Revenue arising from the existing system. Personally I think the best thing of all would be to have the system without the Revenue, but as no one sees how that can be done I agree with Mr. Anstey (not of 1869) but of 1856, and see "nothing repugnant in it to English Law," though I see much that is very repugnant to my own feelings. At the same time, if it be right to select the least of two evils, and if that be done by establishing the present system, I think there is something equally repugnant to one's English notions in seeking to dodge the odium of accepting such a Revenue by devoting it (on principle) to this purpose, and not to that expending just a

Vide Parliamentary Blue Book, 15th June 1868, page 16.

small proportion of it with confidence and then becoming embarrassed as to what should be done with the residue. I foresee that the end of such policy would probably be the abandonment of duty and getting rid of the whole question by re-adopting former corruptions and old evils, sooner than be perpetually harassed with insinuations and worried by complicated details of impracticable accounts.

68. I have now endeavoured to go seriatim through the charges of the Memorialists affecting myself. I have also, as I think, weighed and appraised at its just value their "personal argument" as to Mr. Caldwell. I have contrasted the legislation of the present Government with the vaunted "Kea" and "Kap" and "Paou" of Mr. Anstey's remarkable and vague Ordinance of 1857, and I think I have thoroughly disposed of Mr. Murrow's and the Memorialists' appeal to Chinese purity and their efficient suppression of gambling by Chinese laws. I have also placed before your Lordship returns showing the inner working of the present system. I am nevertheless quite prepared to abolish it, though now elevated after much labour, as I have said, from the region of experiment to that of successful legislation. I only ask that I may receive precise orders, and that it be understood I am carrying out a policy of which Her Majesty's Government assumes the entire responsibility.

Vide Encl.
No. 1.

Encl. No. 9.

69. Finally I take the opportunity of expressing my regret that I have not yet had access to the really effective arguments of Mr. Anstey on the 9th February, when he is stated (not I hope by an egotistical Reporter) "to have shown from documentary and even official proofs, the entire inaccuracy of every one of the material statements of my reply to the Memorialists and the entire unsoundness of every one of its relevant objections to their case." As none of the arguments noticed above are of the class alluded to in that extract, I venture to make one more enclosure in this Despatch, viz.—the reply in question, as being still unrefuted, and I hope still in some points worthy of attention.

I have, &c.

(Signed) RICHARD GRAVES MACDONNELL,
Governor.

The Right Hon. Earl Granville, K.G.
&c. &c. &c.

Encl. 1. in No. 9.

Enclosure 1 in No. 9.

The DAILY PRESS, HONGKONG, March 27, 1869.

THE SOCIAL SCIENCE ASSOCIATION AND THE GAMBLING QUESTION.

The following report of the proceedings of the deputation is taken from the *London and China Express* :—

On Tuesday the 9th February, to which day the reception of the deputation had been postponed by the Secretary of State, the following gentlemen, introduced by Mr. Chisholm Anstey, were received by Earl Granville, K.G., at the Colonial Office:—Dr. Aldis, Mr. Edgar, Mr. Frederick Hill, Mr. Crustnaro Pandoorung, and Mr. Pears. Mr. Murrow, late of Hongkong, was also present, and Colonel Sykes, M.P., and the Hon. Arthur Kinnaid, M.P., two vice-presidents of the Association, entered the room after the proceedings had commenced.

After thanking his Lordship for the reply to their second memorial, Mr. C. Anstey stated the case against the two Hongkong Government farms, of opium smoking houses and gambling houses, to which the two memorials of the Association (that of last year addressed to the Duke of Buckingham and Chandos, and that of last month, both printed in this journal) referred. He commented at large upon the points raised by the now no longer apocryphal "despatch" of October 20th last, to the address of the Secretary of this Association, and showed from documentary and even official proof the entire inaccuracy of every one of its material statements, and the entire unsoundness of every one of its relevant objections to their case. Upon the whole, he submitted that the following points were fully established:—That the project was originally one for raising local revenue in relief of the old Parliamentary grant; that it had been repeatedly scouted by former Secretaries of State; that the laws of China against gambling (which, under actual ordinances were quite capable of being applied in Hongkong) had never been applied there, although they were quite sufficient for its repression, and had so been found in China (of which Mr. Anstey mentioned many instances); that the only way to enforce any laws against gambling houses was by enforcing the Chinese laws of collective and mutual responsibility, by means of the tithing (*Kea* or *Káp*), and the hundred (*Páou*) institutions, which had been expressly recognized by the Hongkong Legislature in Ordinances passed in 1844-1857, but never put into execution; that the only local ordinance against gambling houses had been found to be so ill-penned as to be inoperative; that the Hongkong Government had never proposed to amend that ordinance; that it had never brought into play the criminal laws of England against gambling, although all those laws were in full validity within Hongkong; that the only reason which could be suggested for those omissions on the part of that Government was the notorious fact that for many years certain persons were carrying on the endeavours already alluded to for obtaining imperial sanction here to the legalisation of gambling, in order to convert it into a profitable Government farm (in which intrigues

the go-between was always Mr. Caldwell); that it was untrue to state that the Hongkong Government had exhausted penal means of repression, which was the main palliation now attempted for their having recently legalized under pretence of regulating it; and, lastly, that whilst some vicious practices might be said to be susceptible of regulation, gambling was the one vice of which that could not be said, nor was it even pretended, in the present instant, to regulate it at all, not even so far as to define the amount to be lost at one sitting. He referred also to the resolution of the Hongkong Chamber of Commerce of 1868, and the speeches of its chairman, Mr. Ryrie (member of the Legislative Council), and others of that Chamber, to the addresses of the local clergy and to other authorities, all condemnatory of the late ordinance, and certifying the nearly unanimous opinions of all respectable Chinese to the same effect.

Earl Granville, here interposing, said: You are preaching, I may almost say, to a convert. I go quite with your able statement of the mischief, and I quite sympathise with everything that you have said against the fitness of raising a revenue in this way. I have not yet communicated my decision to Hongkong. But I may say this much, that whatever that may hereafter be, I cannot approve of these proceeds of the gambling house farm being treated as colonial revenue or applicable to colonial purposes. Whether it may be employed specifically in defraying the charges of measures to suppress gambling, or in some analogous way to that, if we are to receive it at all, I shall have to consider if I determine to allow that experiment to continue. But what I should like to know from the deputation is, whether there is any practical way to the direct suppression in Hongkong, by penal means, of the practice. Our authorities there say that they have exhausted all those means and failed. You have offered reasons for contradicting that statement, and even for asserting that down to the introduction of this gambling farm no real attempt to suppress gambling had been made. This creates a difficulty in the way of my reversing at once what has been done. It is true that there is now the advantage of a new Government being called upon to consider the matter, but then, without a few months' consideration, one ought not to reverse what may have been done already. I should like to look at the practical question of the way to put down gambling, if there be any way to do it.

Mr. Anstey briefly restated what he had said, and referred again to the authorities on that point. He also submitted that the very next preceding ordinance of 1866 to the gambling farm ordinance was one relating to registration. By that ordinance the long neglected Chinese Law of Responsibility was, at length, ordered to be carried into effect (although very imperfectly no doubt). One year's trial of that ordinance had enabled the present Registrar-General to report that this portion of it had proved to be very popular and efficacious, and in particular, that it had been found of "material" efficacy in suppressing "Public Gambling Houses."

Colonel Sykes, M.P.: And now all these licensed ones will escape from that.

Mr. Anstey assented. He proceeded to read from the report, and also from the Governor's Despatch of October 29th, 1867, approving of that portion of it.

Earl Granville having asked for some of those references, Mr. Anstey offered to place all his own notes in his Lordship's hands, and it was accordingly done.

Colonel Sykes, after referring to his long personal experience of the coasts of China, a country with which he was even now in "fortnightly correspondence," bore testimony of the accuracy of one important statement made by Mr. C. Anstey, as the result of his official experience at Hongkong, viz., that opium shopkeeping, gambling, and piracy went hand in hand, and belonged everywhere to one establishment. He was satisfied that to regulate Chinese gambling houses is impossible. The only way is to be firm and put them down with the strong arm of the law.

Mr. Murrow confirmed another statement—viz., as to the persistence and success of the Chinese Government in putting Chinese laws against gambling houses into effect. It was true that in the troubled times of 1865, at Canton, the Viceroy there for that one year only dispensed with those laws in favour of a particular locality; that is to say, the lanes in the immediate purlieus of the two worst goals of that city; but there was a characteristic irony in the exemption; it had expired, and gambling at Canton was crushed.

The Hon. A. Kinnaid, M.P.: We must not intrude any longer upon your Lordship's valuable time, but I cannot help saying that the people here at home feel keenly upon the subject.

Earl Granville courteously thanked the deputation, and they took their leave.

Enclosure 2 in No. 9.

Encl. 2. in No. 9.

APPENDIX A.

Legislative Council, May 23, 1868.

The Council met, according to appointment, on Saturday, at 4 P.M.

GAMING LICENSES.

[This will be found printed as an Enclosure to Governor's Despatch No. 534 of June 25th, 1868, page 8.]

Enclosure 3 in No. 9.

Encl. 3. in No. 9.

There is no Ordinance in force in this Colony by which the Chinese System of Tithings or Káp is recognized.

Mr. Anstey probably refers to an Ordinance for the Registration and Regulation of the Chinese People (No. 6 of 1857,) which he himself prepared when Attorney-General of this Colony, and by which an attempt was made to establish a division of Chinese houses "into Tithings or Káp of ten

FURTHER CORRESPONDENCE

“houses each, wherein every occupier of a house shall answer to Her Majesty for the good conduct of the occupiers of the other nine.” (See Section 13-16.)

This Ordinance, however, was repealed in the following year by No. 8 of 1858, the working of the measure having been considered impracticable.

Apart from the repugnance which most people entertain to any system of legislation under which the innocent may be made to suffer for the offence of the guilty, the institution of the Káp would most probably open the door to those abuses which have been so often exposed by writers on the manners and customs of the Chinese. For instance, a person might be produced by the Káp as the real offender, but the difficulty would be insuperable of detecting whether he were the real offender or some one whom they had combined to accuse, or who, for a consideration, was willing to be made the scape-goat.

Indeed it has been found necessary to repeal all Ordinances in which any sort of power beyond that of a constable is entrusted to Chinese. For instance Ordinance, No. 13 of 1844, introduced by Sir J. Davis for the appointment of Chinese Peace Officers (Paouchong and Paoukes) had to be repealed, and the excellent Ordinance, No. 3 of 1853, introduced by Sir George Bonham for the amicable settlement of Civil Suits among the Chinese, although drafted with great precaution so as to prevent abuses, met with the same fate. In fact I believe the Chinese themselves prefer availing themselves of the Summary Jurisdiction Court, for they now constantly conduct their cases in person, no longer labouring under the delusion which was said to prevail that half the lawyer's fees go into the Judge's pocket, an idea which is quite in accordance with Chinese usages.

This Government was careful to extend to Gambling the Provisions of Sections 17 and 18 of the recent Registration Ordinance, No. 7 of 1866, whereby every Chinese landlord whose tenant commits certain specified offences (among which are included those against the Gambling Ordinance, No. 14 of 1844), is answerable for the fine, in case the offender has absconded, though he may recover back the amount from the latter when found.

The Gambling Ordinance (No. 14 of 1844), is however of itself quite sufficient to meet any case of Gambling *which can be detected*; but the practical difficulties in the way of detection which this Government had to contend with were such as undoubtedly to call for some new scheme of legislation on that subject, and on that subject only; for the laws of Hong-Kong on the whole are very good. Among the early Ordinances there may be found here and there such startling provisions as that of Section 25 of No. 10 of 1844 (still in force,) whereby our Courts may inflict *Chinese* punishments; but this is the only “germ” of Chinese law which I know of in our legislation, and it is a germ which I trust will not flourish until the Chinese system of Káp, abandoned by us 10 years ago, supersedes our English system, now well-established in the Colony, and most ably and successfully worked by the Registration Department.

(Signed) JULIAN PAUNCEFOTE,
Attorney-General.

Hong-Kong, 21st April 1869.

Encl. 4. in No. 9.

Enclosure 4 in No. 9.

Sz Shing, Tak Hang, Tái Kat, Shing Sun, Wo Fung, Chéung Chéung.

吉 泰 恒 德 誠 泗
昌 隆 和 信 威

The above Chinese characters are the names of six establishments in the Kwang Tung Province for the carrying on of a species of Gambling known as “Wai Sing.” (1.) Kat Chéung; (2.) Tái Cheung; (3.) Hang Fung; (4.) Tak Wo; (5.) Shing Sun; (6.) Sz Shing.

Signed) JAMES RUSSELL

RESPECTING GAMBLING LICENSES.

45

Enclosure 5 in No. 9.

Encl. 5. in No.9.

RETURN of Arrest of Illegal Gamblers and Dangerous Characters, between the 15th March and 14th April 1869.

Date.	Number of Illegal Gamblers.	Number of Dangerous Characters.	Decision or Sentence.	Remarks.
March 16	—	2	Sent to gaol - - -	Apprehended by Mr. Caldwell's detectives.
" 17	—	1	Do. - - -	Do. do.
" "	18	—	Two fined \$50. and three months' hard labour, one fined \$50. or three months, the rest two months' hard labour.	Do., on information of do.
" 20	—	11	One ordered to find security, rest discharged.	Do. do.
" "	—	1	Sent to gaol - - -	Do., by Mr. Caldwell's detectives.
" 26	—	2	One sent to gaol, the other discharged.	Do. do.
" 27	—	7	One sent to Mr. Douglas, three sentenced to two months, the rest one month hard labour.	Do., on information of do.
April 1	—	1	Sent to gaol - - -	Do., by Mr. Caldwell's detectives.
" 5	—	1	Do. - - -	Do. do.
" 6	—	1	Do. - - -	Do. do.
" 8	—	1	Do. - - -	Do. do.
Total	18	28		

Hongkong, 14th April 1869.

(Signed) G. V. GREAGH,
Deputy Superintendent of Police.

Enclosure 6 in No. 9.

Encl. 6. in No.9.

RETURN showing the Number of Cases of Larcency by Servants during the first quarter, 1869.

Capacity.	Convicted.	Discharged.	Remarks.
House coolies - - -	3	—	
Cooks - - -	1	—	
Servants - - -	4	4	
Chair coolies - - -	1	3	
Total - - -	9	7	
Grand Total - - -	16		

Note.—Extract from Charge Sheets.

Police Department,
3rd April 1869.(Signed) W. M. DEANE,
Captain Superintendent.

Enclosure 7 in No. 9.

Encl. 7. in No.9.

RETURN of Persons arrested by the Licensees of the Gaming Houses during the month ending 15th April 1869.

Date of Arrest.	No. of Persons.	On what Charge.	How disposed of.
March 16	1	Old Offender, branded	3 months hard labour.
" "	1	Ditto ditto - - -	Sent to Mr. Douglas.
" 17	1	Ditto ditto - - -	Ditto.
" 18	18	Public Gambling - - -	1 fined \$50, or 6 months hard labour; 2 fined \$25, or 3 months hard labour, and 3 months hard labour; the others 2 months hard labour.

FURTHER CORRESPONDENCE

RETURN of Persons arrested by the Licensees of the Gaming Houses—continued.

Date of Arrest.	No. of Persons.	On what Charge.	How disposed of.
March 22	1	Old Offender, branded	Sent to Mr. Douglas.
" "	10	Suspicious character, branded	1 to find security, the others discharged.
" 27	1	Old Offender, branded	Sent to Mr. Douglas.
" "	7	Ditto (1 branded)	Sent to Mr. Douglas; 3 to 3 months hard labour, and to find security; the other 3 to 1 month hard labour.
April 1	1	Old Offender, branded	Sent to Mr. Douglas.
" 5	1	Ditto ditto	Ditto.
" "	1	Ditto ditto	Ditto.

SUMMARY.

15 Old offenders.
28 Suspicious characters and gamblers.

Total - 43

(Signed) D. R. CALDWELL.

RETURN of Chinese Servants in the employ of Foreigners who were recognized and refused Admittance into the under-mentioned Gambling Houses during the week ended 20th March 1869.

Appellation of Houses.	Locality.	No. of Persons.
Keen Kee	100, Queen's Road, Wanchai	5
Chew Kee	225, Do. Central	3
Yek Kee	253, Do. Do.	3
Wai Kee	128, Do. West Point	3
Yip Kee	148, Hollywood Road, Taipingshan	3
Hang Kee	111, Wing-on Lane	1
Tai Kee	111, Tungmun Lane	5
Wing Kee	3, Endicott's Lane	5
	Total	28

(Signed) J. L. AVETOON.

Police Lokong, No. 24, and another, supposed to be also a Lokong, were found several times in the Yek Kee and Chew Kee, although warned not to enter the Houses without permission.

(Signed) J. L. A.

RETURN of Chinese Servants in the employ of Foreigners who were recognized and refused Admittance into the under-mentioned Gambling Houses, during the week ended 27th March 1869.

Appellation of Houses.	Locality.	No. of Persons.
Keen Kee	100, Queen's Road East, Wanchai	3
Yip Kee	148, Hollywood Road, Taipingshan	3
Wai Kee	128, Queen's Road, West	2
Meng Kee	15, Do. Do.	1
Yek Kee	253, Do. Central	2
Chew Kee	225, Do. Do.	1
Hang Kee	111, Wing-on Lane	1
Tai Kee	101, Tungmun Lane	6
Wing Kee	3, Endicott's Lane	3
	Total	22

(Signed) J. L. AVETOON.

RESPECTING GAMBLING LICENSES.

47

RETURN of Chinese Servants in the employ of Foreigners who were recognized and refused Admittance into the under-mentioned Gambling Houses during the week ended the 3rd April 1869.

Appellation of Houses.	Locality.	No. of Persons.
Keen Kee - - -	100, Queen's Road East, Wanchai - - -	6
Yip Kee - - -	99, Hollywood Road, Taipingshan - - -	5
Wai Kee - - -	128, Queen's Road West - - -	4
Meng Kee - - -	15, Do. Central - - -	1
Chew Kee - - -	225, Do. Do. - - -	1
Yek Kee - - -	253, Do. Do. - - -	2
Hang Kee - - -	111, Wing-on Lane - - -	3
Tai Kee - - -	101, Tungmun Lane - - -	4
Wing Kee - - -	3, Endicott's Lane - - -	4
	Total -	30

(Signed) J. L. AVETON.

RETURN of Chinese Servants in the employ of Foreigners who were recognized and refused Admittance into the under-mentioned Gambling Houses during the week ended 10th April 1869.

Appellation of Houses.	Locality.	No. of Persons.
Keen Kee - - -	100, Queen's Road East, Wanchai - - -	4
Yik Kee - - -	99, Hollywood Road, Taipingshan - - -	1
Wai Kee - - -	128, Queen's Road, West Point - - -	2
Meng Kee - - -	15, Do. Central - - -	1
Yek Kee - - -	253, Do. Do. - - -	1
Chew Kee - - -	225, Do. Do. - - -	3
Chong Kee - - -	1, Gilman Street - - -	1
Hang Kee - - -	111, Wing-on Lane - - -	3
Tai Kee - - -	101, Tungmun Lane - - -	5
Wing Kee - - -	3, Endicott's Lane - - -	5
	Total -	26

(Signed) J. L. AVETON.

SUMMARY.

Number of Servants refused Admittance for the week ending the 20th March	-	28
Ditto Ditto 27th Do.	-	22
Ditto Ditto 3rd April	-	30
Ditto Ditto 10th Do.	-	26
Total	-	106

(No. 62.)

Enclosure 8 in No. 9.

Encl. 8, in No. 9.

Sir,

Police Department, 16th April 1869.

I have the honour to enclose, for the information of his Excellency the Governor, the reports on the Gambling Houses.

I also enclose the two time expired tickets of Inspectors Grimes and Grey.

The Honourable
J. G. Austin,
Colonial Secretary.

I have, &c.
(Signed) W. M. DEANE,
Captain Superintendent.

FURTHER CORRESPONDENCE

REPORT on Licensed Gaming Houses for the week ending 15th April 1869.

Name of Houses and Localities.	DATE.								
	13th.			14th.			15th.		
	Hour.	No. of Males.	No. of Females.	Hour.	No. of Males.	No. of Females.	Hour.	No. of Males.	No. of Females.
Wing Kee, Endicott Lane - -	1.45 p.m.	20	—	—	—	—	8.15 a.m.	8	—
Tai Kee, Tung Man Lane - -	2.15 p.m.	40	—	—	—	—	8.0 a.m.	60	—
Hing Kee, Wing On Lane - -	3.0 p.m.	50	1	—	—	—	7.30 a.m.	40	—
Chong Kee, Gilman Street - -	4.15 p.m.	30	—	—	—	—	7.0 a.m.	14	—
Chu Kee, Queen's Road C'tral	4.45 p.m.	30	—	—	—	—	—	—	—
Yek Kee, do. - - - -	5.0 p.m.	100	6	—	—	—	—	—	—
Lun Kee, Hillier Street - -	5.15 p.m.	6	—	—	—	—	—	—	—
Wing Kee, Queen's Rd. West	—	—	—	5.30 p.m.	20	—	—	—	—
Wing Kee, do. - - - -	—	—	—	5.45 p.m.	30	2	—	—	—
Wye Kee, do. - - - -	—	—	—	6.30 p.m.	18	—	—	—	—
Yip Kee, Hollywood Road - -	—	—	—	3.0 p.m.	70	—	—	—	—
Ta Kee, Queen's Rd. East - -	6.30 p.m.	50	—	—	—	—	—	—	—

REMARKS.

I beg to state that I visited the Licensed Gaming House at the hour above given and found every thing correct and regular ; I did not notice any servants or compradores employed by Europeans. The presence of the Inspectors authorized to enter prevents to a great extent any servants or other respectable Chinese going to the houses for the purpose of playing.

To the
Captain Superintendent of Police,
Hongkong.

(Signed) I am, &c.
J. H. GRIMES,
Inspector of Police.

REPORT on Licensed Gaming Houses for the week ending 18 .

Name of Houses and Localities.	DATE.											
	12th.			13th.			14th.			15th.		
	Hour.	No. of Males.	No. of Females.	Hour.	No. of Males.	No. of Females.	Hour.	No. of Males.	No. of Females.	Hour.	No. of Males.	No. of Females.
Wing Kee, Endicott Lane - -	9.15 p.m.	8	—	3.30 p.m.	12	3	—	—	—	2.0 p.m.	20	—
Tai Kee, Tung Man Lane - -	9.30 p.m.	5	2	4.0 p.m.	14	2	—	—	—	1.0 p.m.	23	—
Hing Kee, Wing On Lane - -	9.45 p.m.	3	—	4.30 p.m.	23	1	—	—	—	1.30 p.m.	30	—
Chong Kee, Gilman Street - -	9.0 p.m.	9	—	5.0 p.m.	29	—	—	—	—	12.30 p.m.	23	—
Chu Kee, Queen's Road C'tral	8.30 p.m.	17	—	—	—	—	9.15 p.m.	17	—	12.0	26	—
Yek Kee, do. - - - -	8.15 p.m.	41	8	—	—	—	9.0 p.m.	8	3	11.30 p.m.	33	6
Lun Kee, Hillier Street - -	8.45 p.m.	9	—	—	—	—	9.30 p.m.	—	—	12.45 p.m.	12	—
Wing Kee, Queen's Rd. West	7.45 p.m.	45	1	7.0 p.m.	38	—	8.45 p.m.	9	—	11.0 a.m.	44	1
Wing Kee, do. - - - -	7.15 p.m.	41	4	8.0 p.m.	41	3	8.30 p.m.	2	—	11.30 a.m.	40	1
Wye Kee, do. - - - -	6.15 p.m.	82	—	9.30 p.m.	—	—	8.0 p.m.	45	—	10.0 a.m.	43	—
Yip Kee, Hollywood Road - -	8.0 p.m.	83	6	9.30 a.m.	38	—	10.0 p.m.	21	12	—	—	—
Ta Kee, Queen's Rd. East - -	3.30 p.m.	39	—	—	—	—	12.0 p.m.	25	1	—	—	—

REMARKS.

SIR,
I beg to report that I have visited the above Gaming Houses at the times noted. I have noticed nothing unusual, every house being quiet and regular, there seems to be no Europeans' servants frequenting the houses now. I have seen none during my visits, although I have watched well for them. Out of the numbers above given, there have been very few of the respectable Chinese of Hong Kong. The night of the 13th I saw the head watchman of No. 5. District in the Hing-Kee house ; he told me he was looking out for thieves, he was not playing.

To the
Captain Superintendent of Police,
Hongkong.

(Signed) THOMAS GREY,
Inspector of Police.

Encl.9. in No.9.

Enclosure 9 in No. 9.

Letter from J. GARDINER AUSTIN, Esq., to G. W. HASTINGS, Esq., dated Colonial Secretary's Office, Hongkong, 20th October 1868.

[This Letter will be found printed as an Enclosure in Governor's Despatch No. 598, of October 20th, 1868, page 19.]

No. 10.

No. 10.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to the
Earl GRANVILLE, K.G.

(No. 697.)

Government House, Hongkong, 28th April 1869.

(Received 19 June 1869.)

MY LORD,

(Answd. No. 159, Oct. 7, 1869, page 80.)

IN my Despatch No. 665* of the 6th ultimo, I mentioned that I would lay before my Executive Council the suggestions of his Grace the Duke of Buckingham as to the preferable mode of issuing licenses for gaming houses in the event of any new local arrangements being necessary.

* Page 32.

No. 199,
2d Dec. 1868,
page 67.

2. His Grace had suggested that the Government ought either to adopt the principle of giving them to the party making the highest offer, or else that, the Executive having previously fixed the amount thought fairest, they should be distributed by lot to the various parties tendering.

3. I now transmit the opinions of the various members of my Council, and your Lordship will perceive that they all are in favour of the principle of selecting the licensees without leaving anything to chance, except so far as Colonel Gore advocates first, selecting a certain number of eligible candidates from amongst the parties tendering and then determining the successful candidates by lot.

4. Mr. Rennie gives a succinct account of the action hitherto pursued, which may be assumed as based on the principle of the Government both fixing the amount of the fee and selecting from the many applicants those apparently best qualified by intellect, capital, and influence to carry out in their integrity the regulations of the Government, and I incline myself to support this view not merely, 1st, because I have a great aversion to any action which may induce people to bid against one another and make money *per se* appear in any way the motive influencing the Government; but 2ndly, because I think it not altogether a fair course to induce applicants as it were to disclose their hands by stating the amount which they would offer, an amount under those circumstances certain to be higher in many cases than could be reasonably given, and having gone so far, then to throw those parties over and make a selection for character, as I fear the whole proceeding would then wear a very partial appearance.

5. I think the matter is one of great consequence and the duty of the Governor and Council thereon is an important one. Therefore they should not shrink from taking the whole burthen on their shoulders, and both naming the fee and selecting the candidates.

6. The time has quite gone by in which, if that straightforward course be adopted, the Chinese are likely to misunderstand the proceedings or motives of Government. I would propose also that in such cases the Governor should join with the Council, the Superintendent of Police, and the Registrar General, and allow them a vote in the decision arrived at as persons capable of bringing valuable information to assist the discussions, in which, however, I would make them feel they had a responsible part to perform by calling on them to vote or at least record how they would vote.

7. I think it very likely, from the reports of the inspectors of the houses, that the present licensees cannot long afford to pay \$200,000 per annum, for evidently the system now in force is diminishing instead of increasing gambling, but I doubt whether it be possible to get other parties so able or willing as those who have the contract now to carry out the Government regulations, for I must say that the entire system, whether your Lordship finally approves it or not, is unquestionably well in hand now, and is working smoothly with remarkable success.

8. Nevertheless, if any change was to take place in the holders of the licenses, or in the amount of fees payable, I think it desirable that it should be done by public advertisement for tenders at a fixed sum, and a subsequent selection from the applicants by the Governor in council.

I have, &c.

RICHARD GRAVES MACDONNELL,
Governor.

The Right Hon. Earl Granville, K.G.,
&c. &c. &c.

FURTHER CORRESPONDENCE

Encl. in No. 10.

Enclosure in No. 10.

MEMORANDUM No. 449.

MR. AUSTIN,

22nd March 1869.

PLEASE procure from Executive Council the opinions of members on the best mode of issuing licenses to gambling houses, a subject raised in the enclosed correspondence between the Duke of Buckingham (199, 22nd December 1868,) and myself (No. 665, 6th March).

That correspondence is sufficiently explanatory in itself,

(Signed) R. G. M. D.

Opinions by members of the Executive Council.

By MR. RENNIE.

The licenses have been granted on the last two occasions, I think, as nearly in the mode suggested by his Grace the Duke of Buckingham and Chandos as circumstances will permit.

The first year was an entirely experimental one, and it must be admitted that by exaggerating the losses entailed by such fresh restrictions as it was found desirable to impose on the gambling itself or on the persons permitted to gamble, the licensees had induced the belief that the profits were less than had been anticipated, and that the monthly license fee was too high. Acting on this belief, and considering that suppression of crime and not revenue had been the object of licensing gambling, there was no reason for continuing the fee at such a rate as to prevent the licenses being held by persons of position. Those who then held them being men of this class, it was desirable to retain them, and in order to do so the license fee was lowered.

After sufficient time, however, had elapsed to enable the working of the gambling houses to be tolerably well ascertained, it was found that the profits of the gambling were much greater than was supposed, or than the licensees themselves were willing to admit. Notice was then given that the licenses would be withdrawn unless the holders were willing to pay as high license fees as other persons of equal weight and standing in the Colony would do, this being necessary to avoid any imputation of unfair preference.

To ascertain what this amount ought to be, the acting Registrar General let it be known amongst the Chinese that fresh tenders would be taken into consideration by the Government, and several such were sent in. A consideration of these led to the belief that with a payment of about \$240,000 a year there would probably be left a sufficient margin of profit for the holders of the licenses.

The old licensees, having their houses ready fitted and having maintained good order hitherto, were given the first choice at this price, which they, after some difficulty, accepted.

Before, however, the new agreement came into force, it was found that an omission had been made in the original rules in not excluding Europeans and Americans from the houses; the rules were therefore amended, and after consideration, \$20,000 per annum was estimated as a not unreasonable amount at which to assess the losses of persons other than Easterns, leaving the annual fee \$220,000.

The old licensees carried on for two months at this rate, when they gave notice of giving up because they said the business did not pay.

Substitutes had then to be found, and Wohang being certainly the Chinaman of the best standing who had formerly tendered, was offered the business for himself and those with whom he was connected.

As, however, it was better to leave to the licensees a fair or even a large profit, than to have perpetual changes in the holders of the licenses, the fee was reduced by another \$20,000 per annum, leaving it at \$200,000 per annum; and it may be said that after the experience this Government has had, this sum is at present about the right one to fix as the basis of the fees.

The last two licenses, therefore, have been granted on the principle of a fixed amount of fee combined with the selection of the persons from the most experienced and powerful of the Chinese, and I unhesitatingly say that in the event of a change in the holders of the licenses this principle must be continued.

Choice by lot, besides giving rise to all sorts of chicanery, might, probably enough, leave in most responsible positions men utterly unfit for the charge; and even supposing that only a superior class of Chinese were allowed to take part in the drawing, some of the least influential might be the gainers.

The good result already obtained from the licensing of gambling can only be continued by having for licensees persons of great influence amongst their own countrymen, and it is the power possessed by this class of men that is of the greatest assistance in detection of crime.

Neither by lot then, nor by tenders, can the Government secure the men they require. Selection is the only possible means, and it remains simply to say in what way the choice should be made. The Governor in Executive Council, assisted by the Captain Superintendent of Police and the Registrar General, seems the most natural course, and though this is not exactly the rule which has been hitherto followed, yet in both cases of making a change the Registrar General and one or other of the members of the Executive Council have been consulted.

(Signed) W. H. RENNIE,
Auditor General.

24th March 1869.

By MR. AUSTIN.

I object to both of the plans proposed by his Grace the Duke of Buckingham, as neither one or other gives to us the security on which we should greatly rely, viz:—character.

RESPECTING GAMBLING LICENSES.

51

It seems to me that the plan last adopted is the best; that is, to fix in Council the amount to be paid, to give notice of the amount so fixed, and to select in Council from the parties tendering the person most eligible in respect to security and character.

29th March 1864.

(Signed) J. G. AUSTIN.

By MR. PAUNCEFOTE.

I think tenders might be invited with a special stipulation that the highest tender would not necessarily be accepted; this would enable the Government to test the value of the licenses to the holders, and to select the most suitable tender as to character as well as money.

24th April 1869.

(Signed) J. PAUNCEFOTE.

By COLONEL GORE.

I think with the Attorney General that tenders might be invited, the Government reserving to itself the right to reject any without assigning a reason, and from amongst those considered eligible to select the number required by lot.

(Signed) A. KNOX GORE,
Lieut.-Colonel-Commandant.

No. 11.

No. 11.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to the
Earl GRANVILLE, K.G.

(No. 714.)

Government House, Hong Kong, 8th June 1869.

(Received 2d August 1869.)

MY LORD,

(Answd. Nos. 159 & 165, 7th 8th Oct. 1869, pp. 80 and 81.)

I HAVE the honour to acknowledge receipt of your Lordship's Despatch, No. 41,* of the 26th March, intimating Her Majesty's gracious confirmation and allowance of Ordinance No. 14, of 1868, to apply a sum not exceeding \$837,000, to the Public Service of 1869.

* Page 78.

2. I have also drawn the Auditor General's attention to your Lordship's observations on the necessity of furnishing in future more detailed information as to the ascertained and estimated financial position of the Colony, and I have forwarded to him the copies of recent instructions on that subject issued to the Governors of the Straits Settlements and of Ceylon. I am now awaiting his report on a matter so peculiarly within his province.

3. I have also carefully noted your Lordship's wishes and instructions in the same Despatch relative to the Fund accumulating from the Gambling Licence fees. I have called on the Auditor General in this case also to furnish the information which your Lordship requires as to the gross amount received on account of the licences and the balance remaining unexpended.

4. At the same time, as I have long foreseen, the creating in this way a separate exchequer with its own peculiar receipts and disbursements, though the measure may be unavoidable, is a policy which must necessarily generate numerous and intricate complications. I could not, therefore, expect the Auditor General with the materials before him to define exactly what portions of the licence fees should be regarded as applicable to expenditure already incurred or sanctioned.

5. I am myself in some degree to blame for this, because I had not brought with sufficient detail and fulness before Her Majesty's Government several questions connected with the general subject. For example, I did not point out in detail to his Grace the Duke of Buckingham that I had not proposed to use part of the fund in question for the improvement of police stations in the ordinary sense of the term, viz., the improvement of the quarters which the Colony is bound to maintain for the adequate lodgment of the Police Force.

6. In fact, as appears from a Memo. which I had endorsed on his Grace's Despatch, No. 176, when received, and of which I transmit a copy, I was awaiting further instructions, and when more distinctly informed as to the limits imposed on the action of the Executive I proposed bringing such further suggestions as I might think important to the notice of Her Majesty's Government.

Encl. No. 1.

7. I have now in the enclosed Memo. for the guidance of the Auditor General, endeavoured to explain my view of the situation resulting from your Lordship's Despatch of the 26th last March,* and that of the Duke of Buckingham of last October.†

Encl. No. 2.

* Page 78.
† Page 66.

It may be important that Her Majesty's Government should receive that Memo. as a progress report explanatory of my present views of the duty imposed on me.

Vide Encl.
No. 1.

8. I trust, however, that the general interpretation of my intentions, which I endorsed on the Duke of Buckingham's Despatch of last October when first received, may be admitted as a sound basis of action. That Memo. was to the effect: 1st, that no part of the Licence Fund should be used to diminish the local taxation of the Colony; and, secondly, that the purposes to which it should be devoted ought to be primarily the suppression of crime, and dangers to property and society arising directly or indirectly from gaming, and next to the improvement, moral and physical, of the Chinese portion of the population.

9. I have no doubt that, even admitting the propriety of all deductions recommended or permitted from the Licence Fees, the balance remaining will be embarrassingly large, perhaps not much less than \$250,000, with a tendency to increase. Now if this large existing and increasing fund is not to be wrapped in a napkin and left idle till some contingency, very difficult to define and almost more difficult to anticipate with any reasonable hope, shall afford an opportunity of suppressing by some successful *coup* a vice which, from its nature and from the shifting character of the population of the Colony, cannot be disposed of abruptly, then I see no more sensible or pleasing mode of expending means reluctantly acquired from the Chinese than in their moral and physical improvement.

10. Thus recent circumstances which must form the subject of a separate communication have drawn my attention to the great amount of physical wretchedness and extraordinary moral obtuseness, if not actual depravity, which prevails amongst the Chinese in the treatment of their sick and dying. These evils are not met by the maintenance of the existing Civil Hospital, however well conducted that institution may be, and I am not aware of any nobler or more natural purpose to which a portion of the funds in question could be devoted than that of assisting in founding an institution to alleviate the sufferings of the race by which unfortunately that fund is created.

11. I think also that hereafter your Lordship may fitly consider whether a more extended system for diffusing the benefits of education amongst the Chinese beyond the limit of which the unaided means of the Colony permit might not also be a legitimate appropriation of the funds in question. I shall not however pursue this point further till I receive the Auditor General's report on the balance remaining of the Licence Fees.

I have, &c.
RICHARD GRAVES MACDONELL,
Governor.

(Signed)
The Right Hon. Earl Granville, K.G.,
&c. &c. &c.

Encl. No. 1.

Enclosure No. 1.

MEMORANDUM by his Excellency Sir RICHARD GRAVES MACDONNELL on DESPATCH No. 176, of the 23d October 1868, from his Grace the DUKE OF BUCKINGHAM AND CHANDOS.

Mr. AUSTIN,

It is very desirable, and I have always maintained, that the funds arising from the Gambling Licences should not be applied to the diminution of any Colonial taxation, nor to any purpose other than, 1st, the suppression of crime and the dangers to property and society arising directly or indirectly from gaming, and 2dly to the improvement, moral and physical, of the Chinese portion of the population.

This is not an easy matter to arrange, nor one which will arrange itself as a matter of course, if but one Treasury Chest is to contain all monies received by the Colony. Therefore I anticipate more detailed instructions from Her Majesty's Government as to the most suitable means of giving effect to their intended arrangements. Meantime the Auditor General had better make a note of this Despatch.

23d December 1868.

(Signed) R. G. M. D.

Encl. No. 2.

(Memo, No. 480.)

Enclosure No. 2.

Mr. AUSTIN,

2nd June 1869.

REFER to Auditor General the Duke of Buckingham's Despatch, No. 176, of the 23d October last, regulating application of funds arising from gambling licences, also Despatch of Earl Granville, No. 41. of the 26th March.

2. The latter Despatch contains some observations on the necessity for supplying fuller information in regard to the Estimates, and transmits instructions to the Governors of Singapore and Ceylon to be adopted here where applicable. On that particular subject the Auditor General will make an early and separate report.

3. In regard to the instructions conveyed in Lord Granville's Despatch as to the application of monies received from the Gambling Licences, it is the evident duty of this Government to exert itself to the utmost to render the present system, if possible, an effective means of putting down all gambling, a result which, however desirable it may be, most persons experienced in China do not regard as attainable.

4. In the meantime the Auditor General will note, that the Licence Fees are not to be included in future annual estimates, but that a separate debtor and creditor account is to be kept of those monies; that is, of the receipts on the one hand, and on the other hand of the *expenditure as permitted within certain limits by the Duke of Buckingham's Despatch of last October*, unless with further and special sanction.

5. Mr. Rennie will also furnish the statement called for by Lord Granville of the gross amount received from the Gambling Licences, and the amount expended on the objects within the scope of the Duke of Buckingham's Despatch.

6. In considering what are those objects it may be well to explain that, although his Grace laid it down that certain improvements in the police out-stations were not objects to which the fund in question could be considered applicable, it nevertheless appears from the reasons which he gives for such conclusion that my explanations had been insufficient and that his Grace laboured under a misapprehension as to what he had been asked to sanction.

7. The Duke very truly says that the duty of providing proper quarters for the existing Police is one which should be defrayed from the ordinary current revenue; that, however, may be admitted without affecting the main question, which is not that of providing quarters for the ordinary purposes hitherto recognized by this Government; on the contrary, the question is, whether the new exceptional funds be applicable to defray a costly and special effort of this Government to accomplish something quite outside of its previous ordinary measures for putting down crime, by hemming in the criminals and hill banditti, and intercepting them by a cordon of improved stations, telegraph wires, roads, and mounted patrols.

8. I believe that the criminal population are the most dangerous and incorrigible supporters of the vice of gambling. The effectual suppression and discouragement of criminals resorting here is obviously one of the most effective means of at least suppressing the worst features and most injurious results of the gambling mania, which in so remarkable a manner affects the general Chinese population.

9. The new police station at the Gap, the telegraph station at the Peak, near Mountain Lodge, the repairs of the roads to Stanley, and from Stanley to the head of Tytam Bay, and thence back to Hong Kong over the hills, so as to enable mounted patrols to pass, and the construction of the electric telegraph along the above line combined with the building of the colonial gunboat "Victoria" and the steam launch, are all parts of an entirely new policy, each of which is essential to the working of the whole; whilst that whole is intended to give a decisive blow, not only to the hill banditti, such as murdered Mr. Holwarthy last February, but to all marauders who occasionally land on the island and make raids on different outlying houses and villages, as at Pokefullum last winter, and more recently when about 40 armed men, supposed to have landed at Deep Bay, crossed the island apparently to attack Show-kewan, but, falling in with a patrol of police, killed the sergeant and wounded two constables, subsequently retiring over the hills.

10. With the new means intended to be placed at the disposal of the Executive the escape of such marauding parties would be, if not almost impossible, yet rendered extremely difficult. In a few minutes, for example, after the outrage committed at Show-kewan, it would have been known at every police station round the coast, and in three quarters of an hour the colonial gunboat and launch or perhaps two launches, as sanctioned by the Duke of Buckingham, could have got up their steam and left this harbour, one going west and the other east, looking into every bay and overhauling every junk or boat which could shelter such marauders.

11. The difficulty of escape would in fact be so palpably increased that I question if we should have many more such attempts, at least after one good lesson as to the effect of the increased means at disposal of Government for suppressing them.

12. I cannot therefore fancy any system for suppressing crime more likely to meet the views of the Duke of Buckingham or affording a more legitimate field for expending a portion of the fees received from the Gambling Licences than this proposed addition to the customary provision of the Colony for detecting and hemming in criminal disturbers of the public peace.

13. I therefore consider that although partly from the press of other business and partly from the general uncertainty which seemed to envelop the whole subject of the appropriation of the Licence Fees, I have not as yet specially drawn the attention of the Secretary of State to the justice of devoting a portion of that fund to defraying the cost of making an effective net of police stations, telegraph wires, roads, and patrols, &c. as above described, it may safely be assumed that the intention of Her Majesty's Government is to sanction that expenditure as being within the true intendment and meaning of the Duke of Buckingham's instructions.

14. It will therefore save time and much additional complication if the Auditor General in framing his estimate of the balance remaining of the Licence Fees will deduct from it the cost and expenses of the horses for the patrols, the repairs of the roads which were not contemplated previously, the new police stations, and those additions to existing police stations rendered necessary by the new system and the increase of the force stationed in them.

15. It is possible, however, that from there being no distinct difference made between these items and the general expenditure of the Colony, the Auditor General may find it impossible to do more than give an approximate estimate of that expenditure; but, whatever be the amount which he thinks reasonable, it should be deducted from the rest of the Licence Fund. Strict accuracy in the accounts can only be possible in the future.

16. Of course the original cost of and maintenance of the Colonial vessels will be deducted; also the good conduct pay for police, or \$20,000 for last year, and the same sum for this.

FURTHER CORRESPONDENCE

17. If the Secretary of State thinks I overstrain my instructions in the interpretation which I now give to him, he will direct such of the above sums as he thinks ought not to be paid from the Licence Fund to be repaid to that fund by the Colony. Unfortunately, however, such a result can only leave the latter fund still larger and more embarrassing than ever.

I have no doubt also that relief of the indigent Chinese and a contribution in aid of Chinese subscriptions to build a hospital for them, as also a receptacle for the coffins containing the dead whilst awaiting, according to Chinese custom, removal to their native places, and the relief generally in sickness of that extreme poverty and misery which unfortunately prevails amongst a race which entirely creates the Licence Fund, and also otherwise mainly contributes to the general revenue of the Colony, will be counted as a most legitimate disposal of part of the means thus furnished to the Executive. For these reasons the Auditor General should allow for an expenditure in money direct on the new Chinese Hospital of \$8,500, that sum having, after much consideration, been promised as a contribution in aid from the Licence Fund. The supplementary Estimates must also be revised so as to accord with these instructions.

(Signed) R. G. M. D.

No. 12.

No. 12.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to the
Earl GRANVILLE, K.G.

(No. 716.)

Government House, Hong Kong, June 9, 1869.

(Received August 2d, 1869.)

MY LORD,

(Answered by No. 138, 8th September 1869, page 79.)

* Page 34.

IN my Despatch, No. 693,* 24th April 1869, pars. 59 and 60, I had occasion to give some particulars illustrating the existence of gambling at Canton, and not merely its existence in that city, but the actual encouragement and the licensing by Government of one form of gambling there.

I yesterday received from Mr. Lister, the Acting Registrar General, copy of a letter addressed to him by the Reverend J. Anderson, a well known and respected missionary residing at Canton. Mr. Anderson has, I believe, no objection to my using the information which he supplied as the result of his actual personal experience, and I therefore, transmit a very full extract from his letter, with marginal notes in red ink (*printed in italics*) by Mr. Lister.

Mr. Anderson's testimony proves the great extent of the practice of gambling at Canton, whereby I do not mean gambling in private houses or clubs, but gambling in regularly established houses open to all gamblers, and of which one class is licensed by Government.

His narrative of his own adventures as a "Kaifong" or rate paying householder, determined to put down gaming in his neighbourhood, is curious and interesting.

I was at first much pleased to find that a gentleman of his experience was enabled to arrive at the conclusion that public gambling could be thoroughly suppressed, till I had considered the means which he proposed for that end. Those means are, in his own words, "a determination on the part of the ruling powers, honesty on the part of the police, and responsibility on the part of the Kaifong" or householders.

Now, it is not denied that the ruling powers in China have long since forbidden, and to this day by the laws of the country do still forbid and denounce, gambling in terms evincing great "determination," whilst as for the responsibility of the "Kaifong," Mr. Anderson tells us that they are already responsible, and so far as appears might, if they exerted their authority, put down gambling at any time, much as the police, to which he alludes, might at any time be more honest, if they would only be less corrupt and dishonest.

It is no doubt very creditable to Mr. Anderson that he should in such matters be sanguine, and I can fancy that in his position it would not be regarded as correct to be otherwise. Nevertheless, I fail to derive from his experience any practical hint for actually attaining to the "suppression" of which he speaks. Mr. Anderson in my opinion merely proves, that if men were to be more virtuous they would be less vicious. I must concede that point, but meantime I like to adhere also to my own policy of achieving at least some useful result by *succeeding* in controlling and thereby diminishing an evil, which as yet I should only fail to "suppress."

I have, &c.

(Signed)

RICHARD GRAVES MACDONNELL,

The Right Hon. Earl Granville, K.G.

Governor.

&c.

&c.

&c.

Enclosure.

EXTRACT of a LETTER from the Reverend J. ANDERSON to ALFRED LISTER, Esquire, ACTING REGISTRAR GENERAL, dated Canton, 5th June 1869.

"At present gambling is strictly prohibited here. In spite of this, gambling is carried on to a great extent.

"The gambling houses at present in full operation may be divided into three classes. This is a rough division, and does not include all the forms of the vice referred to. Still for all practical purposes the above division is quite sufficient.

"The first class is the "*Mai-wai-Singkun*."* These are generally found in the best streets of the city. They have a very respectable appearance and apparently do a flourishing business. A Chinese friend informed me the other day that this class of gambling houses is licensed by the Governor of Canton.

"The second class is the "*Mai-fan-tan-Kun*."† They are generally found in back streets. They are very numerous. I have counted as many as three or four in one street; their "*Kin-pai*," or sign, is a piece of dirty packsheet hung before the door. Any householder (*Kaifong*)‡ has a right to interfere with these places. He very rarely does so, knowing that the police have already been bribed to wink at the matter. Sometimes, however, one of the "*Kaifong*" is courageous enough to threaten, to petition the magistrate if the gambling houses are not closed. If the said "*Kaifong*" is poor, he is sure to suffer for his audacity, if rich and influential, his threat produces a temporary effect.

"The gambling houses are shut whenever the said "*Kaifong*" is likely to be abroad. In some cases I have observed scouts stationed at the corner of the street to give warning of his approach. Sometimes the old place is shut up, and a new place opened in an adjacent street, where the said "*Kaifong*" has no jurisdiction.

"Another way of avoiding the dreaded "*Kaifong*"§ is to change the game from "*fan-tan*" to "*tapai*,"|| at the same time making the bets in the latter game quite as heavy as in the former.

"The third class of gambling houses is "*tapai pang*."¶ This is the lowest class of gambling.

"They are found on the common opposite the Shameen, in open squares, in front of temples, &c. &c. They are nothing more than rudely constructed matsheds.

"Labouring men and loafers are the chief frequenters of these places.

"From the above you will see that this city of Rams is not so free from the vice of gambling as many suppose.

"Will licensing this vice destroy it? I think not. My own opinion is that public gambling *can* be thoroughly suppressed. How? By determination on the part of the ruling powers, by honesty on the part of the police, and by responsibility on the part of the "*Kaifong*." Now I have had my say. You will observe that I have preferred speaking of my adventures under the ambiguous name of "*Kaifong*."

*A kind of sweepstakes of the names of candidates at the examinations carried on here by farmers under the Chinese Government.

†The quadrating game of the Hong Kong houses.

‡A householder is only a "*Kaifong*" in regard to the "street in which he lives."

§All the householders of a street are *Kaifong*, but of course this means an "opposing" householder.

||Cards.

¶"Card matched."

No. 13.

No. 13.

EXTRACT of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to Earl GRANVILLE, K.G., dated Hong Kong, 21st June 1869.

(No. 726.)

(Received 13th August 1869.)

(Answered, No. 158, October 7, 1869, page 79.)

"I have great pleasure in now reporting that there is every prospect of establishing here a well conducted Chinese hospital near the site of the I-tzee, which place has been renovated by the Chinese themselves at an expense of \$2,000, and is now a suitable place of reception for a very limited number of patients of the poorer classes. At first I was inclined to think it ought to be altogether suppressed, but the immediate necessity for some such place became at once apparent from the great increase of dead bodies and dying patients found by the police exposed in and near the town.

"The intention, therefore, is to have the I-tzee maintained for the present as a temporary hospital for poor patients, and the proper administration of medicine, food, and hospital clothes. Hereafter *all* patients will be attended to in the new hospital, and the rooms near the Temple will be reserved for storing as hitherto for the last 15 years the bodies of the dead whose relations can afford to pay the expense.

"It has been my object to enlist active Chinese sympathy in the erection and future maintenance of the proposed hospital, because I think in addition to many other obvious and excellent moral advantages it is politic, when possible, to place the Chinese in a position where they find themselves heartily co-operating with the local Government, a policy which I have followed with excellent results in the institution of the native police maintained by the Chinese entirely from local voluntary subscriptions.

"I have, therefore, proposed to contribute from funds at the disposal of Government \$10,000 on the Chinese completing and paying into one of the banks a subscription of \$15,000. In addition I propose to give a site extremely suitable when levelled, the expense of which to be also defrayed by Government will be upwards of \$3,000. It is very gratifying to see the alacrity and zeal which animates many of the leading Chinese here in issuing subscription lists and collecting the funds.

G. 4

" On the other hand, whilst allowing a Chinese committee to exercise a general control over the management of the proposed hospital, it is agreed that the Governor shall have power to close it, and that all the land and buildings shall be forfeited to the Crown in the event of the Colonial Surgeon, Registrar General, and one other officer deputed by the Governor reporting the place to be ill conducted, and that it would be expedient to resume the land. These arrangements are to be made by ordinance.

" I do not trouble your Lordship with references to the numerous memoranda and reports connected with this subject. As might be expected every movement of the kind is attended with considerable trouble and voluminous details, but I have only sought to convey to your Lordship a clear understanding of the policy and necessity which call for the construction of some such building to meet certain Chinese special wants and prejudices which are not provided for by the existing civil hospital, as may be seen by last year's returns which show admissions of Europeans and Indians to the civil hospital to have been 934 against 223 Chinese. In other words, whilst the Chinese population is from 15 to 18 times as great as the foreign, the admissions of Chinese to the hospital were less than one fourth of the whole.

" Your Lordship may hence infer the large aggregate of misery, wretchedness, and disease which *must* be either wholly or inadequately cared for in this city, and I believe there is no effective remedy for such an evil except inducing the Chinese, as I am doing, to build a suitable hospital and refuge, open to European surveillance, but under Chinese management and direction, so that there may be no such reluctance to go there in the minds of the natives as that which generally prevents their voluntarily going to the civil hospital.

" I trust the above details may satisfy your Lordship of the expediency of the decision taken by myself and my executive council to give every reasonable aid to the establishment of the proposed hospital. I have felt it a duty to make my explanations full and explicit, because as the money to be contributed by Government can only come from the Gambling License Fund it is essential that I should prove the object to be one legitimately within the principles suggested for the application of that fund in my despatch, No. 714,* of the 8th instant.

* Page 51.

" I shall have to call your Lordship's attention hereafter to several other objects, having scarcely less bearing on the improvement, moral and physical, of the Chinese portion of the population than the establishment of the intended hospital. I more particularly allude now to relieving next year the Chinese shipping of a portion of the dues exacted under the Harbour Ordinance by reimbursing the colony from the License Fund for the amount of revenue thereby sacrificed. I also consider that the increased expense entailed by a third master, enlarged buildings, lecture hall, &c. &c. at the central school for the benefit of the Chinese ought to be borne by the same fund, as with the old revenue of the colony merely those expenses would scarcely have been incurred. Above all, I think that a far better class of interpreters at our courts should be secured, even at double or treble the present cost, because in no way are Chinese interests more affected, or the character of Government with the natives more seriously jeopardized, than by the haphazard mode in which either defective or corrupt interpretation sometimes causes legal claims to be determined.

" These last-mentioned reforms when more matured shall be brought before your Lordship, but I have thought it desirable to intimate as early as possible the direction taken by the policy of the Government in dealing with the License Fund, which after all, if expended strictly on the principles suggested, may cease to be an embarrassment.

" I have, &c.

(Signed) RICHARD GRAVES MACDONNELL,
Governor."

No. 14.

No. 14.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to the
Earl GRANVILLE, K.G.

(No. 735.)

Government House, Hong Kong, July 3, 1869.

MY LORD,

Received 27th August 1869.

* Page 79.

I HAVE the honour to acknowledge receipt of your Lordship's despatch, No. 72,* of the 7th May last, covering a communication dated 16th April last from the Secretary of the National Association for Promotion of Social Science.

2. In that letter Mr. Pears, by direction of the Association's standing Committee, draws your Lordship's attention to an article in the "Overland China Mail," of the 23d February last, of the correctness of which "they are assured there is no doubt."

3. The paragraph in question is the report of proceedings before the police magistrate, in connexion with the examination of witnesses against certain Chinese prisoners accused of being implicated in the murder of Mr. Holworthy last January. The Crown solicitor appeared for the prosecution, and the paragraph alluded to states that "Mr. D. Caldwell watched the case on the same behalf."

4. There is absolutely no foundation for such a statement. Mr. Caldwell had no authority or instructions from this Government, nor, so far as I am aware, from any one else, to "watch the case;" but as the information which led to the arrest of the prisoners had been given to him in the first instance, and there was a large reward in the event of a conviction, he was no doubt anxious to watch what passed, especially as his thorough knowledge of the colloquial Chinese enabled him to perceive any misinterpretation of the evidence. I believe Mr. Caldwell is often employed by private parties for this purpose, and certainly, if I thought it likely that his aid would enable me to trace the murderers of Mr. Holworthy, it would be a singular course for the Social Science Association, or any individual, to attempt to prevent Mr. Caldwell's knowledge of the language being availed of for such a purpose.

5. As a matter of fact, however, the statement in the newspaper had no foundation, and the Government had nothing whatever to do with Mr. Caldwell beyond taking proceedings on information which his informer had supplied, as would have been done on equally probable information furnished through any other party. I have, however, already so fully placed before Her Majesty's Government the actual position of Mr. Caldwell that I need not repeat myself here. It is sufficient to state that, so far from Mr. Caldwell being an agent of this Government, the despatches referred to show that he has, if anything, been dealt with more severely than otherwise by the executive here.

6. Opinions of Members of Council and leading persons of this community, in other words of persons highly competent to judge, as well as the general feeling of confidence in Mr. Caldwell entertained by the native population, receive from me simply their due share of respect, but no more. If, however, the Social Science Association expects Her Majesty's Government can be induced to countenance a renewed persecution of Mr. Caldwell by Messrs. Anstey and Murrow, I hope such expectations will be disappointed. There is a strong opinion here that Mr. Caldwell has been hardly dealt with and overborne by the superior ability of his enemies and the power wielded by Mr. Murrow as proprietor of a local journal. I am, however, satisfied that his indiscretion in former years laid him fairly open to charges for the result of which, even though they were probably untrue, he has no one but himself to blame.

7. Meantime I venture to hope that the honour and character of the Queen's service are quite as safe in my hands as of those who have most antipathy to Mr. Caldwell.

I have, &c.

(Signed) RICHARD GRAVES MACDONNELL,
The Right Hon. Earl Granville, K.G., Governor.
&c. &c. &c.

No. 15.

No. 15.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to the
Earl GRANVILLE, K.G.

(No. 739.)

Government House, Hong Kong, 6th July 1869.

(Received 27th Aug. 1869.)

(Answered No. 137, 7th Sept. 1869, p. 79.)

MY LORD,

I HAVE the honour to forward the Report of the Superintendent of Police for the quarter ended the 30th ultimo, showing the number of cases of Larceny by servants for that period; viz., 10 convicted, 5 discharged, or a total of 15.

Encl. No. 1.

The number during the last quarter of 1868 was 17, and during the first quarter of the current year 16. The average before the present system of licensing Gambling Houses subject to Police control and inspection was upwards of 80 per quarter.

I also enclose the latest reports of the Police Inspectors of the Licensed Houses. They are satisfactory, and especially in one respect as showing a great diminution in the number of women frequenting those places.

Encl. No. 2.

RESPECTING GAMBLING LICENSES.

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Remarks.

SIR, I beg to report that I visited the above Gaming Houses, at the times noted, and found all of them quietly and regularly conducted ; I saw nothing wrong during my visits.

To the Captain Superintendent of Police, Hongkong. I am, &c. (signed) THOMAS GREY, Inspector of Police.

REPORT on the Licensed Gaming Houses for the Week ending 3d July 1869.

Name of Houses and Localities.	DATE.																	
	28th June.			29th June.			30th June.			1st July.			2d July.			3d July.		
	Hour.	No. of Males.	No. of Females.	Hour.	No. of Males.	No. of Females.	Hour.	No. of Males.	No. of Females.	Hour.	No. of Males.	No. of Females.	Hour.	No. of Males.	No. of Females.	Hour.	No. of Males.	No. of Females.
Wing Kee, Endicott Lane -	p.m. 7	35	1	-	-	-	p.m. 12.30	4	"	p.m. 8	26	"	a.m. 10	25	3	p.m. 9.30	66	6
Tai Kee, Tung Man Lane -	7.15	30	nil.	-	-	-	12.40	30	"	7.40	28	"	11.30	42	1	9.20	22	"
Hing Kee, Wing On Lane -	7.20	32	1	-	-	-	12.50	50	"	7.25	12	"	11.40	30	"	8	24	"
Chong Kee, Gilman Street -	7.30	45	2	-	-	-	1	7	1	7.15	11	"	11.45	24	2	8.15	24	"
Chu Kee, Queen's Road Central	7.40	39	1	-	-	-	12 10	20	"	7	22	1	11.55	14	4	8.20	60	7
Yek Kee, do.	8	42	3	-	-	-	12.30	4	"	6.40	27	4	12	26	1	8.30	43	10
Lun Kee, Hillier Street -	-	-	-	a.m. 7	12	1	12.45	30	"	6.30	16	1	11.55	14	4	8.20	60	3
Wing Kee, Queen's Road, West -	-	-	-	7.15	10	nil.	a.m. 11.55	14	"	6.20	8	"	11.45	24	2	8.15	75	2
Wing Kee, do.	-	-	-	7.30	14	2	11.40	13	"	6.15	14	"	11.40	30	"	8	24	"
Wye Kee, do.	-	-	-	7.45	29	1	11.30	27	"	6.10	10	1	11.30	42	1	9	22	"
Yip Kee, Holloway Road -	-	-	-	8	10	3	11.15	34	4	6	6	"	10	25	3	9.30	66	6
Ta Kee, Queen's Road, East -	-	-	-	10	19	nil.	p.m. 1.30	30	1	5	17	"	9	13	1	7	51	"

Remarks.

All quiet ; no complaints.

To the Captain Superintendent of Police, Hongkong. (signed) D. KIRBY, Inspector.

No. 16.

No. 16.

COPY of a DESPATCH from Governor Sir R. G. MacDONNELL, C.B., to the Earl GRANVILLE, K.G.

(No. 744.)

Government House, Hong Kong, July 7, 1869.

Received 27th August 1869.

(Answered, No. 165, October 8th 1869, page 81.)

MY LORD,

IN compliance with the instructions contained in your Lordship's despatch, No. 41* of the 26th March, and in continuation of my despatch, No. 714†, I now forward a report from the Auditor General containing the information required as to the receipts from the licence fees, and also the balance remaining after deduction of the amounts which Mr. Rennie considered chargeable under present instructions against the licensing fund.

2. I observe, however, that Mr. Rennie accidentally omits to comply with the instruction desiring him to state the gross amount received from that source. I may therefore here mention that it is \$367,166, whilst the present balance is \$221,733. Hence it appears that only \$145,443 in nearly two years has been absorbed on local expenditure.

3. Mr. Rennie makes an excellent suggestion for determining in the simplest, if not also the only practicable mode of ascertaining it, the contribution fairly chargeable to the Special License Fund for maintenance of order and the suppression of illegal gambling and crime. His suggestion is to take, as the standard of what the unaided colonial revenue can support, the police expenditure of the Colony in 1866, a year when it was

* Page 78.
† Page 51.

higher than ever previously, whilst it was also the year immediately preceding the establishment of the new licensing system. He then proposes to make the Special Licence Fund contribute any excess in subsequent years over the amount of the Police expenditure of 1866.

4. The circumstances of the Colony in the present decline of commercial prosperity, following on the severe depression which has prevailed for some years, render it extremely unlikely that the Executive without aid from some unusual source could increase or maintain an increased expenditure over that of 1866, however desirable for suppression of crime. I consider, therefore, that adopting 1866 as a test year is adopting a standard which, if anything, fixes the liability of the Colony at too high a figure.

5. Mr. Rennie, however, has not been able as I perceive to give your Lordship all the future liabilities of the special fund. Thus he was not in possession of all the details of expenditure on colonial vessels, nor of that for opening communication by roads and telegraphs round the island, nor of that proposed for the Chinese hospital, &c. &c. Even assuming that he had been able to show legitimate charges against the special fund in excess of those which he has brought forward, nevertheless the truth of your Lordship's observation is not less seriously apparent, viz., "It is evident that there must be a considerable balance in hand, and that in future years the balance will be even larger than that which accrued during 1868." In fact the fund increases at the rate of \$200,000 per annum, whilst only \$145,433 have been expended in two years.

6. It is certainly true that the Police force here can by a considerably increased outlay be much improved, and for that purpose I shall by next mail ask your Lordship to permit its being increased at the cost of the special fund by 30 men of character and respectability trained in England, to be sent out at the expense of the Colony, and to receive such pay here as might induce them really to devote themselves to their work. This and two or three additional stations with an increase of 50 Indian constables, all well armed, would no doubt make the Force a very effective one for Police purposes, now that the great source of corruption by the proprietors of secret gaming haunts is removed. It would also render it a powerful auxiliary to Her Majesty's troops in garrison.

7. This increase in the numbers of the Police would require additional barrack accommodation, and this should also be defrayed by the Special Fund. As I consider that such expenditure falls strictly within my instructions, I hope to propose it in the next annual estimates.

8. I shall, however, take another opportunity of placing more completely before your Lordship the various charges to which on the principles laid down by his Grace the Duke of Buckingham and by your Lordship, as also those suggested in my Despatch, No. 714*, of the 8th ultimo, the special License Fund may fairly be considered liable. I would, however, venture to extend the application of the principle proposed by Mr. Rennie, and to simplify other than the Police accounts by taking the colonial expenditure of 1866 as a fair criterion of what the Colony is reasonably liable to, and charging the Special Fund with the excess in all those cases where the propriety of making any charge is conceded.

9. Thus in the matter of education, in which the Chinese are specially interested, I would propose that the annual excess of expenditure over that of 1866, such as has been incurred by importing a third master, building a new lecture hall, and otherwise increasing the advantages which the school offers to the native population, should be made chargeable to the Special Fund.

10. It would not in fact be difficult to classify the charges which should be borne by that fund. They naturally suggest themselves and might be put thus:—

All excesses of annual expenditure over that of 1866.

1. In suppressing crime and secret gambling.
2. In disseminating useful knowledge and spreading education amongst the natives.
3. In providing a thoroughly well qualified staff of interpreters to assist in the administration of justice to the natives, a most essential want.
4. In charitable assistance to the native population and the maintenance of institutions for the diminution of physical want and suffering amongst them.

11. It is unnecessary, however, to pursue the subject further at present, as I must obviously recur to it in connexion with the ensuing estimates, when, though I shall adhere to your Lordship's instructions not to include in the estimates the proceeds of the License Fund as revenue available for general purposes, I presume I must show what assistance is in certain matters given by that fund to this Colony.

* Page 51.

12. Thus, if the proposed Police expenditure were to amount to \$160,000, I would only ask for a vote for \$120,000, stating in a note or otherwise that \$40,000, which is the excess over the Police expenditure of 1866, would be defrayed from the special fund. I presume this course is not likely to be objected to by your Lordship, for I am most anxious to deal with the fund in question in such a manner as to commend itself to general approval on the merits.

13. It is true that, without abandonment of a policy which has wrought most useful practical results, I cannot avoid the embarrassment occasioned by the existence of the fund. Nevertheless, with your Lordship's assistance, I hope so to treat it as to diminish, if I cannot wholly remove, the prejudice which it naturally creates against the policy forced by circumstances on the Government.

I have, &c.

(Signed)
The Right Hon. Earl Granville, K.G.
&c. &c. &c.

RICHARD GRAVES MACDONNELL,
Governor.

Enclosure.

SIR,

Auditor General's Office, Hong Kong, June 28, 1869.

I HAVE had the honor to receive his Excellency the Governor's Memo., No. 480, of 2d instant, and the papers therein enumerated, regarding the application of the funds arising from Gambling Licenses.

In accordance with his Excellency's directions I now enclose a statement of the sum received for Licenses, and the mode in which a portion thereof has been expended. The balance at the credit of this special fund is estimated at \$221,733⁹² on this date.

It will be observed that I have not exactly followed the directions contained in the memo. of charging certain particular items of Police expenditure against the special fund, because I found it quite impracticable to decide how far any particular man was employed at any particular time on duties which might be considered as specially connected with the gambling system.

His Grace the Duke of Buckingham and Chandos states in his despatch, No. 80, of 30th April 1868, that "the determined propensity of the Chinese to gambling and the establishments which that propensity calls into existence render it necessary to maintain a Police far more expensive than would otherwise be required." This is undoubtedly the case, and I have therefore thought it best to fix upon some rule by which the Colony shall be chargeable with what may be called its own Police Force, and the special fund simply charged with such surplus expenditure for the suppression of gambling and crime generally as the sums received from the play houses have alone enabled the Government to incur.

I have taken, therefore, the expenditure of the year 1866 (the year before the Gambling Licenses were granted) as representing what may be called the regular expenditure of the Colony on its Police Force. The expenditure of that year was higher than any previous one, and the Colony has not since then increased in population or riches, so as to necessitate or afford a more expensive Police Force, except for those special objects of which the licensing of gambling is one of the principal features.

Taking, therefore, this basis I find that the excess of expenditure was in 1867 \$41,491¹⁷, and in 1868 \$51,869¹¹, in addition to which there were in the latter year payments for the colonial schooner and police stations, amounting together to \$10,038, both of which, according to his Excellency's memo. are chargeable to the Licenses.

The balance to the credit of the fund on 31st December last was \$163,718²⁸, which amount is deducted from the available assets of the Colony on that date.

If the mode of calculating the Police charges defrayable from the Licenses as suggested by me be approved, I would propose to make a round sum, viz. \$120,000 per annum, chargeable to the Colony for the maintenance of its police, and all expenditure beyond that sum should be considered as forming part of the special objects for which the Gambling Licenses were created, viz., the control of gambling and suppression of crime, and be charged accordingly.

I do not anticipate any more receipts for the special fund before the 30th instant, and as half a year's salaries have already been paid, I have made the special fund account up as if to the 30th of June, and it would be advisable if possible to postpone any further payments on account of it till after that date.

The balance to the credit of the special fund is \$221,733⁹², and the liabilities on account of the works detailed in his Excellency's memo. are \$31,400.

Earl Granville mentions in his despatch that the estimates should not include the proceeds of Gambling Licenses as "actual revenue which may be appropriated to other objects," but I imagine that these receipts should be shown in the estimates, care being taken not to estimate for a greater expenditure against them than is properly chargeable within the meaning of his Lordship's instructions.

Were this not so I fear complication in the expenditure might occur, and the Council would not, unless further estimates as to the charges on the special fund were laid before them, have the means of judging what the contemplated expenditure on certain services actually amounted to. A separate account of the fund would of course be kept, and the balance to the credit thereof struck off the available assets at the end of the year.

I am about to send you the separate report on the subject of the estimates.

I have, &c.

The Hon. J. Gardiner Austin,
Colonial Secretary.

(Signed) W. H. RENNIE,
Auditor General.

FURTHER CORRESPONDENCE

ACCOUNT of SPECIAL FUND arising from PLAY HOUSE LICENSES.
1867.

	\$	c.		\$	c.
Receipts from Licenses - -	76,000	0	Payments. Being excess of cost of Police Force in 1867 over 1866, viz. :—		
			Cost of force in 1867, exclusive of Lighting and Receipts from Naval Yard and Individuals - -	\$162,770	28
			Do. do. 1866	\$121,279	11
				41,491	17
			Balance -	34,508	83
	\$	76,000 0		\$	76,000 00

1868.

	\$	c.		\$	c.
Balance brought forward -	34,508	83	Payments same as 1867, viz.,—		
Receipts from Licenses -	191,116	66	Cost of Force, 1868 -	\$173,148	22
			Do. 1866 -	\$121,279	11
				51,869	11
			Expenditure on Schooner "Victoria"	4,555	33
			Public Work for Police, viz.,—		
			R. & E. 30 of 1868. Further		
			alterations to Police Stations -	5,482	67
				61,907	11
			Balance -	163,718	38
\$	225,625	49	\$	225,625	49

1869.
(For First Six Months.)

	\$	c.		\$	c.
Balance brought forward	-	163,718 38	Net expenditure on the Police Force from first six months of 1869, including first quarter's payments by Crown Agent,		
Receipts from Licenses	-	100,000 02		\$73,672 69	
			Add estimated June Quarter Payments by Crown Agent, say,	\$ 4,000 00	
				\$77,672 69	
			Less Colony Share of the Expenditure	- 60,000 00	
					17,672 69
			Payments on account of Schooner "Victoria" and Steam Launch "Blanch"	- - -	8,543 15
			Probable Expenditure by Crown Agent during June Quarter for Colonial Vessels	- - -	15,769 54
					41,985 38
			Estimated Balance	-	221,733 02
				\$	263,718 40
		263,718 40			

Against the above shown estimated balance of \$221,733 02 remaining to the credit of the Special Fund on the 30th instant, there will be the following liabilities in addition to the recurring expenditure, an excess of Police Expenses and maintenance of the colonial vessels.

Balance of Contracts for Colonial Vessels	-	-	-	\$10,400
Police Stations at the Gap	-	-	-	\$ 6,000
Telegraph and Stations	-	-	-	\$ 8,000
Roads to Stanley and Bridges at Tytan Bay	-	-	-	\$ 7,000
				<u>\$31,400</u>

Audit Office, Hong Kong, 28th June, 1869.

(Signed) **W. H. RENNIE,**
Auditor General.

No. 17.

No. 17.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to the
Earl GRANVILLE, K.G.

(No. 760.)

Government House, Hong Kong, 21st July 1869.

(Received 13th September 1869.)

MY LORD,

Answered No. 163, 7th October 1869, page 81.

*Page 57.

IN reference to my Despatch No. 739, of 6th instant,* by last mail, in which I mention my anxiety to prevent any women being admitted to the present licensed gambling houses, whilst I also express my fear lest if prevented having access to those places they might be the means of promoting much secret gaming, I have the honour to state that I have again been considering the subject. I have reflected that as the licensing of gaming houses is only defensible as a police measure, for preventing the corruption of the police and the assemblage of bad characters in illegal haunts, where they plan various robberies and burglaries, and incite one another to further crimes by their constant association and meetings under circumstances defiant of law, I confess I cannot think it right to admit any woman into those houses, because a woman is not one of the class against whom police precautions of that kind are meant to be taken.

3. It may or may not be true that if shut out from those houses they will establish private gaming houses beyond the reach of the law, and injurious more or less to society. I do not, however, think that this risk is one with which the executive is called on to concern itself, and I hope it is an evil which has been exaggerated, and for which, if it assume undue proportions, some other remedy may be found.

4. I have, therefore, occupied myself lately in making an arrangement with the licensees for the total exclusion of all females of whatever nationality, and I have finally agreed, on condition that their exclusion is carried out to the satisfaction of the police inspectors of the houses, to make a remission of \$20,000 per annum in the fees payable by the licensees.

5. I do not think that they made out a case for the remission of a larger sum. At first they demanded \$30,000, but I think the reduction allowed is a fair one, and I trust your Lordship will approve the principle on which I have made this change.

6. The licensed houses are now only open to men of the Malay, Chinese, or Hindoo races, in fact to the classes which produce the criminals of our community, and as far as possible men of the lowest class are now forced to indulge their passion for play in public under police surveillance, and I admit they conduct themselves with almost invariable decorum, whilst the general diminution of crime continues to progress most satisfactorily.

I have, &c.

(Signed) RICHARD GRAVES MACDONNELL,
The Right Hon. Earl Granville, K.G., Governor.
&c. &c. &c.

No. 18.

No. 18.

COPY of a DESPATCH from Governor Sir R. G. MACDONNELL, C.B., to the
Earl GRANVILLE, K.G.

(No. 770.)

Government House, Kong Hong, 4th August 1869.

(Received 27th September 1869.)

MY LORD,

Answered No. 167, 8th October 1869, page 83.

1. I HAVE had several conferences with the superintendent of police on the obvious necessity of increasing the number of really effective Europeans in the force, and I enclose a report of that officer on the subject. The difficulties are very great, in fact insurmountable in the way of recruiting the force effectually here, and therefore it is necessary if anything of the kind is to be done to endeavour to have it effected in England.

2. A former attempt to obtain trained men of character from the London police failed, as they could not be spared, and we have never had more than six sent out, men of short service, and of whom two have long been dismissed for irregular habits.

H 4

3. It is, however, absolutely necessary to make another effort now, and I trust your Lordship will use your influence to have my request acceded to. I am aware that it will require a considerable expenditure, but in no other way can money be more wisely expended if we can thereby obtain good, active, and sober men.

4. I propose that at least 30 men, of whom it is desirable that none should exceed 35 years of age, should be sent out, and I also propose that these men should be invited by advertisement to volunteer for Hong Kong, receiving each 30*l.* bonus wherewith to provide themselves with suitable clothing and necessaries. They might be sent out either in batches or at once as might be most convenient. An additional advance of 10*l.* might also be given to be deducted from the half pay which I propose should commence from date of sailing.

5. A great saving might of course be effected if the Admiralty would allow them passages in any naval transports or men-of-war coming to China at the time, but otherwise I think they should be sent out overland.

6. They should enter into an agreement for service in the Hong Kong police for five years *from the date of arrival* in the colony, on the usual conditions of Ordinance No. 9. of 1862.

7. These men would cost in gratuity and half pay about 110*l.* each before they had done a day's duty, or altogether perhaps near to 3,500*l.* That, however, would be a small matter, if the Colony were really to get the sort of men whom it requires, otherwise it would be money thrown away, as we can pick up here refuse in abundance.

8. The question therefore resolves into this, whether the inducement offered is sufficient to obtain trained men of good character from the English force, and if so, whether they will be permitted to come.

9. I must only rely on your Lordship's influence to obtain that permission, and supposing it granted, care should be taken to circulate the terms offered widely for a month amongst the London and county police, and if thought desirable amongst the Irish constabulary.

As the barracks and necessary accommodation of the men here is unusually good, that fact should be made known in any advertisement on the subject.

10. If on the other hand it be found that the inducements offered are not sufficient to secure volunteers of the training, intelligence, and character expected, your Lordship might perhaps consider the expediency of increasing the pecuniary part of the inducement, as the special fund could well bear it. Indeed, if it were not understood that, provided the local taxation for police purposes be undiminished, the fund in question is available for the suppression of crime by improvement of the police, the Colony could not at present otherwise afford the contemplated expense.

11. As, however, I am satisfied that in a matter of such importance to the Colony your Lordship's interest and sympathy will effect all that can reasonably be expected I leave the matter with confidence in your Lordship's hands.

I have, &c.

(Signed)
The Right Hon. Earl Granville, K.G.
&c. &c. &c.

RICHARD GRAVES MACDONNELL,
Governor.

Enclosure.

(No. 132.)

SIR,

Victoria, Hong Kong, 2d August 1869.

I HAVE the honour to lay before his Excellency the Governor the following report of the composition of the European police force, with a view to the consideration of the expediency of an enlistment of 30 constables in England or Ireland.

The present number of 15 sergeants (including acting sergeants) and 80 European constables is divided as follows :—

In six out-stations and villages 4 sergeants are posted and 10 constables.

The water police employ 3 sergeants, 22 constables.

The City of Victoria has 8 sergeants, 6 noninally. 48 constables distributed for duty from the central "Wau-chai" and "Sai-Yeug-poon," stations. Sickness and vacancies, however, reduce this last number to generally 34.

The establishment of a fire brigade, and the detail of 7 sergeants and 13 constables for duty therewith, in the event of a fire, reduces the number of Europeans available for service on the spot for the purpose of maintaining order and preserving property to a very low number, generally 7; and sufficient European protection is not provided for out-stations. Hence, the Indian and Chinese force is left comparatively unofficered, since every European constable is taught to take charge of a portion of the native force, and thus arise many complaints and disturbances that would otherwise be checked.

The European force is also made up of men who have left their ships, and sometimes from the regiment in garrison. The per-centage of men, therefore, who are found unfit for the work at the end of the month's probation, or who are then enabled to find more profitable employment, is very large; and the standard of education is very low.

Some 27 months since six men joined from the London force, and with the exception of two who were unable to abstain from excessive drinking, and were consequently dismissed, are now inspectors, and appear both to like, and to be well qualified for their duty.

As to the pay to be proposed, I would respectfully suggest that \$40 a month (100*l.* a year) be given to the men. This is the pay of a 1st class sergeant; but the qualifications of an English constable would equal those of a sergeant in this Colony. In addition, a bonus of 30*l.* a man should be allowed for the incidental expenses of voyage and the purchase of under-clothing as an outfit. The future prospects of the men are the chances of being promoted to any one of 17 inspectorates, in which the vacancies have been frequent. The length of service should be compulsory, according to the ordinance, for five years, with a return passage, at the expiration of that time, or a pension at the end of 10 years service.

The Hon. J. Gardiner Austin,
Colonial Secretary.

I have, &c.
(Signed) W. M. DEANE,
Captain Superintendent.

Despatches from the Secretary of State.

No. 1.

No. 1.

COPY of a DESPATCH from his Grace the Duke of BUCKINGHAM AND CHANDOS to
Governor Sir R. G. MACDONNELL, C.B.

(No. 125.)

SIR,

Downing Street, August 4, 1868.

*Page 5.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 507,* of the 29th of May, transmitting a statement which you had made to the Legislative Council in answer to a question which was asked you by Mr. Keswick, as to the probable disposal of the sums which had accumulated in the Treasury from the license fees under the Gambling Ordinance, No. 9, of 1867.

+ Vide Papers presented 15th June 1868, page 63.
† Vide same papers, pages 51 and 56.
§ Vide same papers, page 56.

On this subject I have nothing to add to my Despatch, No. 80,† of the 30th of April. I take this opportunity of acknowledging your Despatches, No. 485‡ of the 21st of April, and No. 490§ of the 30th of April; the first forwarding returns showing a diminution of larceny amongst servants since the opening of the gambling houses in 1867, and commenting on the proceedings of the Hong Kong Chamber of Commerce with regard to this subject, and the second reporting the further reduction of the license fees by \$2,000 a month.

I have, &c.

(Signed)

BUCKINGHAM AND CHANDOS.

Governor Sir R. G. MacDonnell, C.B.,

&c.

&c.

&c.

No. 2.

No. 2.

COPY of a DESPATCH from his Grace the Duke of BUCKINGHAM AND CHANDOS to
Governor Sir R. G. MACDONNELL, C.B.

(No. 149.)

SIR,

Downing Street, September 2, 1868.

*Page 6.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 534,* of the 25th June, enclosing a copy of the reply which you returned to the resolutions of the Hong Kong Chamber of Commerce respecting the policy of your Government in regard to the licensed gaming houses in the Colony.

I have, &c.

(Signed)

BUCKINGHAM AND CHANDOS.

Governor Sir R. G. MacDonnell, C.B.,

&c.

&c.

&c.

No. 3.

No. 3.

COPY of a DESPATCH from his Grace the Duke of BUCKINGHAM AND CHANDOS to
Governor Sir R. G. MACDONNELL, C.B.

(No. 176.)

SIR,

Downing Street, October 23, 1868.

*Page 11.

I HAVE to acknowledge the receipt of your Despatch of the 9th July, No. 540,* in which you suggest that the funds derived from gambling licenses should be appropriated towards the following objects:—

1st. Good conduct pay to the police, not exceeding, as you anticipate, \$20,000 a year:

2nd. The improvements of certain police out-stations:

3rd. To increase the police force by seven or eight reliable men, appointed specially to watch the gambling houses, at a cost of about \$9,000 a year.

4th. The purchase of two steam launches to assist the police in their duties in the harbour, and at the out-stations:

5th. The purchase of a schooner of 150 tons, to be manned by the water police, and to take the place of the junk now in use.

The first and third of these objects come so clearly within the scope of the instructions which I have already conveyed in previous Despatches, in regard to the application of the fund derived from those licenses, that you have my full authority for devoting a portion of them to those objects.

I am of opinion, however, that to the second object, the improvement of out-stations, this fund is not properly applicable, as it would merely relieve the current revenue from the duty of providing proper quarters for the existing police.

I have had some little hesitation as regards the purchase of the two steam launches and the schooner, but taking into consideration that they will materially assist the police in putting down piracy and gambling in the harbour and boats, which was extensive, you have my authority for applying the funds for the purchase of these vessels.

I have, &c.

(Signed)

BUCKINGHAM AND CHANDOS,

Governor Sir R. G. MacDonnell, C.B.,

&c.

&c.

&c.

No. 4.

No. 4.

COPY of a DESPATCH from his Grace the Duke of BUCKINGHAM AND CHANDOS to Governor Sir R. G. MACDONNELL, C.B.

(No. 199.)

SIR,

Downing Street, December 2, 1868.

I HAVE to acknowledge the receipt of your Despatch of the 16th September, No. 571,* forwarding, with your own comments on it, the return of the number of larceny cases by servants during the second quarter of the current year. * Page 14.

There is one statement made in your Despatch which I have read with much surprise, and to which I feel called upon at once to advert, namely, that you had "casually discovered that the licensees of gambling houses had agreed to pay, and were actually paying to Mr. Caldwell, as their managing agent, the monstrous sum of \$20,000 per annum."

I do not propose to refer to the previous history of Mr. Caldwell, or of his proceedings in Hong Kong in past times, nor to the circumstances which led to his re-employment in connexion with the public service there; but the system under which the licenses are granted, which has enabled Mr. Caldwell to make such large gains, appears to me so objectionable that I must not only at once express my entire disapproval of the proceedings which your Despatch has disclosed, but I must at the same time request you clearly to understand that unless they can be put a stop to, and a less objectionable system be organized, I shall be reluctantly forced to a reconsideration of the question of granting licenses to gambling houses at all.

The object of such licenses is to enable the Government to get that knowledge and control which is necessary to limit the great existing evil within the narrowest bounds, and thus pave the way for the ultimate suppression of gambling. By requiring a high fee a strong inducement is given to the licensee to discourage and prevent any unlicensed houses interfering with their profits, and thus to obtain their co-operation in putting down gambling (whether amongst natives or foreigners) elsewhere than in the licensed houses. And as you are now taking measures to prohibit foreigners and house servants from visiting the licensed houses, by regulations for the conduct of those houses, and as I am led to infer from your Despatches that the license system has had the effect of putting down unlicensed houses, I am of opinion that the system is working for good.

But the mode of granting licenses which you have described can only lead to evil, and if not broken through will, by the scandals to which it must inevitably give rise, probably cause the abandonment of the licensing system, notwithstanding the advantageous results which are already attributable to it, and thus throw back, almost indefinitely, the prospect of putting an end to the great gambling propensity.

There will be no objection to your requiring any amount of deposit as a security for the carrying out of whatever rules you may lay down, and you may rightly impose such onerous conditions as you may think well to attach to the license; but the mode

of issuing, and the conditions of it, must be clear, above board, and intelligible to the natives.

I consider that there are but two modes of granting licenses which will not be open to suspicion,—the one by lot, subject to fees or rents, predetermined by the Governor, or by auction to the highest bidder, forfeiture of the whole deposit being made the certain consequence of any infringement of the regulations by the licensee or his servants. But there must be no half measures, such as remitting portions of the forfeiture.

I think you lay too much stress on the evil of large profits being left to the gambling house owner. It is an evil essential to the system of the trade, and will only cease when the population, or a large portion of them, may have been brought to abstain from gambling, and then, should this be accomplished, it may be possible successfully to enforce a general prohibition of all gaming.

I must now leave it with you to consider under which of the two methods I have pointed out the most satisfactory arrangements can be made for the issue of these licenses; but in the meantime you must at once dis sever yourself from the agency of Mr. Caldwell, and thus relieve the Government from the suspicions to which the existing arrangement must inevitably give rise.

I have, &c.

(Signed)

BUCKINGHAM AND CHANDOS.

Governor Sir R. G. MacDonnell, C.B.,
&c. &c. &c.

No. 5.

No. 5.

COPY of a DESPATCH from his Grace the Duke of BUCKINGHAM AND CHANDOS to
Governor Sir R. G. MACDONNELL, C.B.

(No. 206.)

SIR,

Downing Street, December 8, 1868.

* Page 19.

I HAVE to acknowledge the receipt of your Despatch of the 20th October, No. 598,* forwarding (in print) a letter addressed by your desire to the Standing Committee of the Social Science Association in reference to an address stated to have been presented to me by that body, relative to a system of licensing gambling houses in Hong Kong, and you request that this letter may be sent to the association.

The address referred to was received by me in August last, but I did not see any necessity for forwarding to you a copy of it, or for doing more than simply to acknowledge its receipt.

I think you may very properly defend yourself and your Government from accusations made in Parliament, or which may have been officially made, but that it is hardly necessary to do so in the case of addresses of a private society.

I have not, therefore, forwarded the letter to the association, as you have requested.

I have, &c.

(Signed)

BUCKINGHAM AND CHANDOS.

Governor Sir R. G. MacDonnell, C.B.,
&c. &c. &c.

No. 6.

No. 6.

COPY of a DESPATCH from the Earl GRANVILLE, K.G., to Governor
Sir R. G. MACDONNELL, C.B.

(No. 15.)

SIR,

Downing Street, December 31, 1868.

I HAVE the honour to transmit to you for your information, and with reference to previous correspondence on the same subject, and to the extracts from the Hong Kong newspaper enclosed, a copy of a letter from Mr. B. B. Turner, and of the reply which has been returned to it, respecting gambling in Hong Kong.

I have, &c.

(Signed) GRANVILLE.

Governor Sir R. G. MacDonnell, C.B.,
&c. &c. &c.

12 Dec. 1868.
31 Dec. 1868.

RESPECTING GAMBLING LICENSES.

69

Enclosure 1 in No. 6.

Encl. 1 in No. 6.

To the Right Honourable Earl GRANVILLE, K.G., &c., Secretary of State for the Colonies.

MY LORD,

LAST session, in answer to a question from Lord Taunton, your Lordship's predecessor stated, that the gambling licenses should be put down as soon as possible in Hong Kong and Heligoland (also a Crown Colony), from which it was thought in the Colony that His Grace of Buckingham had sent a despatch to that effect; but it appears, by recent mails, that the Governor of Hong Kong is extending the licenses and making them a source of revenue.

As gambling is discontinued in England and denounced by the Emperor of China, I trust your Lordship will pardon my calling your attention to the subject.

I enclose a small pamphlet by my son (one of the first opposers of the measure) issued in Hong Kong, July 1867, which will put your Lordship in possession of the facts.

Not doubting but your Lordship, with all good and loyal subjects of Her Majesty, wishes the "throne to be established by righteousness," I trust your Lordship will excuse my thus drawing your attention to the subject.

"Pray for the Queen and all in authority, that we may lead quiet and peaceable lives, in all godliness and honesty."

6 Clarence Terrace, Seven Sisters Road,
Holloway, N.
12th December 1868.

I have, &c.
(Signed) B. B. TURNER.

Sub-Enclosure.

PAPERS RELATIVE TO THE PROPOSED ESTABLISHMENT OF LICENSED PUBLIC GAMBLING HOUSES Sub-enclosure.
IN HONG KONG.

His Excellency Sir Richard Graves MacDonnell, Knight, C.B., arrived in Hong Kong on the 10th March 1866. On the following day he took the usual oaths, and assumed the government of the Colony.

In the month of June following His Excellency visited Macao, and it is reported that he personally inspected the licensed gambling houses in that place.

Meeting of the Legislative Council, July 25, 1866.

Present:

His Excellency the Governor.	The Hon. the Colonial Treasurer.
The Hon. the Acting Chief Justice.	The Hon. Mr. Whittall.
The Hon. Acting Colonial Secretary.	The Hon. Mr. Dent.
The Hon. the Attorney General.	The Hon. Mr. Gibb.

His Excellency laid the estimates on the table for the year 1867, and in the course of a long speech said:—

"I have therefore proposed an expenditure of \$970,000, including \$165,000 for Public Works, though I do not believe you will have really a revenue of more than \$852,000. There will thus be a deficit on the year of nearly \$120,000; and I apprehend that you will find it expedient to make good that deficiency by increased taxation in some form, and I know of none less objectionable than the Stamp Act."

The New Ordinances.

The new ordinances were then read a first time. They were:—

The Estimate for 1867.
The Harbour and Coast Ordinances.
The Registration Ordinance.
The Piracy Court Ordinance.
The Order and Cleanliness Ordinance.
The Vacation of the Supreme Court Ordinance.
(See "Evening Mail," July 26, 1867.)

The Ordinance for the maintenance of order and cleanliness was of a miscellaneous character, giving power to the Governor to pay rewards to the police and to informers; providing that juvenile offenders should be privately whipped in certain cases; prohibiting the keeping of pigs within the city of Victoria, &c. Towards its close the following very important clause relative to gambling is found, viz:—

"And whereas the evils of gambling in the Colony are found to be on the increase, notwithstanding the application of the penal laws in force for their prevention, and it is expedient to devise and adopt further measures for the gradual control and ultimate suppression thereof: Be it therefore enacted, That it shall be lawful for the Governor in Council from time to time to frame and pass such rules, regulations, and conditions as may be deemed expedient for the total suppression, or in the meanwhile for the better limitation and control of gambling in this Colony, with power from time to time to alter and amend such rules and regulations or repeal the same or any part thereof."

It does not appear that the Governor gave any explanation of the intent of this clause, or that it attracted attention in the Council, or elsewhere, at this time. The following extract from the leading article of the "Evening Mail" of 28th July 1866, will show that there was no suspicion in the Colony

that the clause was framed to confer upon the Governor power to introduce so remarkable an innovation as licensing gambling in this Colony.

"It has seldom happened that any Ordinances have been promulgated in this Colony which have given such universal satisfaction as those read on Wednesday last at the meeting of the Legislative Council. The Colony at large and the local press, as echoing its opinions, are unanimous in praising the comprehensiveness of the scheme embodied in the new regulations respecting piracy (Harbour and Coasts Ordinance) and the registration of native vessels; while it may be confidently supposed that the texts of the other Ordinances respecting the "Registration" and order and cleanliness of the native section of the inhabitants will prove equally satisfactory."

At this time (and until December 3, when one ceased to exist) there were three daily newspapers in Hong Kong, all of which were represented by reporters in the Legislative Council room. But after careful search no trace can be found of any reference having been made to the Government intention to license gambling, either in reports of the meetings of Council or outside of it, during the whole of 1866 and up to a late date in 1867.

In the spring of this year a rumour was abroad that the Government meant to introduce *some new legislation* respecting gambling, as appears by the following quotation from the leading article upon gambling in the "Daily Press" of May 6, 1867.

"A meeting of the Legislative Council must be called very soon, and we believe that a Bill on this subject will be brought before it. What the nature and provisions of that Bill may be we do not know."

Meeting of the Legislative Council, May 15, 1867.

The Gambling Ordinance.

"In reply to a further question from Mr. Whittall the Governor said that there was no intention of introducing a new Ordinance to deal with gambling. The Government would avail itself of the existing law, but he believed the police were engaged in rather fruitless efforts. No doubt people were deterred from gambling in comfort, but no new measures of a repressive nature were intended. He alluded to the bribes which were offered to the police, and this induced Mr. Whittall to remark that the difficulty might be met by licensing gambling houses.

"The Governor said he had no idea of what the policy of the Home Government might ultimately be, but while laws existed it was the duty of the police and the executive to endeavour to carry them out. Possibly in the end measures might be taken with a view of regulating gambling houses, instead of completely suppressing them as at present, but he thought that was all he had liberty to state."

(Extracted from "Daily Press" of 16th May 1867.)

On the 17th June 1867 the Ordinance No. 9 of 1867 was passed. This Ordinance is almost verbally identical with that called No. 8 of 1866. The clause above printed respecting gambling is repeated *verbatim*. On that day the Council was occupied by a long debate upon Coolie emigration. At the close of the sitting the Governor made the following remarks:—

"In regard to the subject of gambling the Governor said that some had been under the impression that lotteries were not included. He would also here say that on this subject he had some correspondence, which, although of a private nature, was nevertheless open to any member of the Council, and although in England much energy was used in putting down gambling by law, it was from the nature of the circumstances not so easily to be done here, and he thought it probable that it would soon be found expedient in this Colony to regulate what could not be extinguished."

(See "Daily Press," June 18, 1867.)

In spite of this speech of His Excellency, the project did not succeed in attracting public attention, until the publication of a very remarkable leading article in the "Daily Press" of July 10, 1867, which we reprint here *in extenso*, taking the liberty to italicise certain sentences, and to append a few notes.

"Our readers will remember *certain remarks of a somewhat guarded, not to say mysterious nature*, made by the Governor at a recent meeting of the Legislative Council, in connexion with a clause in the Police and Cleanliness Ordinance, relative to gambling. *It was implied then that the views of the Governor leaned towards a policy of toleration in regard to the great sin of the Chinese*, in consideration of the utter hopelessness of eradicating it by any partial measures which we might attempt in this little Colony. *It also appeared that something was going on in connexion with the subject, leading to the possibility of subsequent legislation. But all at the time was mysterious. We are glad to be able now to throw a little light on what has taken place, and on the measures which the Government are about to introduce*, especially inasmuch as those measures harmonise with the policy which we believe to be the only one in connexion with Chinese gambling in accordance with sound sense, that of regulating and tolerating under restrictions what it is ridiculous and hopeless to attempt suppressing.

"The Home Government have of course been strongly averse to the concession which the necessities of such a case so urgently required. To brave the puritanical element of English public opinion, so far as to consent to the legislation of gambling houses in any part of the Queen's dominions, must have been an effort, but in the case of Hong Kong the peculiarities of the situation formed an irresistible argument in favour of making the Colony an exception to rules which might be sound enough in application to other places. The population of Hong Kong to be affected by any legislation relating to gambling is the floating Chinese population of 140,000 or so, for of course the European element, though it might visit gambling houses were they legalised, would not mainly support them. In pretending, therefore, to repress gambling on moral grounds, we have been attempting to wean the Chinese people from their darling sin. We say the Chinese people, because the very fact that the native population of Hong Kong is of so unstable and changing a character makes it impossible to bring the same influences continuously to bear on the same set of people. Even assuming that this were possible, it might be considered that for practical purposes it would be sufficiently absurd to

attempt reforming 140,000 people so wedded to the principles of gambling that it has been said the humblest class of itinerant hawkers are frequently in the habit of gambling with their customers for the change out of a purchase amounting to a few cash. When, however, the question is raised into one concerning the possibility of reforming the gambling tendencies of the Chinese race, we should say that even Exeter Hall would be ashamed of the monstrous hypocrisy of pretending to sacrifice any substantial advantage on behalf of such a pharisaical attempt. And it must be remembered that a very great deal has been sacrificed hitherto on the altar of Exeter Hall prejudices. The purity and honour of the police force have been sacrificed, and the lower class of the Chinese population in the Colony has been kept in a perpetual state of warfare with the authorities by the raids the police have made on the illicit gambling houses, their respect for law being in this way undermined. The folly of persevering in the present system has been acknowledged more and more widely, and the *Governor himself at last, convinced that his Government was engaged on a hopeless and mischievous endeavour, has we suppose been arguing the point with the Home Government until at last the required permission has been obtained. The Secretary of State has withdrawn the absolute orders against the toleration of gambling houses, which previously embarrassed the action of this Government, and the system of licensing gambling houses will, we understand, be shortly—say within the next six weeks—introduced into Hong Kong.*

"This is a great event, a great revolution in the habits and customs of English communities, but whatever views we may hold as to the viciousness or otherwise of gambling in the abstract, it can scarcely be doubted that the great preponderance of opinion here will be in favour of the change. *That the introduction of a new system will be the means of augmenting the revenue in an absolutely painless manner, and to a large extent, is a consideration which need not be left out of sight when the change has been determined on, on other grounds, but we are perfectly sure that it has not been allowed to weigh to any appreciable extent with the Government as an argument in favour of adopting the proposed system of licenses. That system has been determined on because it has become necessary to regulate what cannot be suppressed, to put an end to the corrupt state of the police force by cutting the ground from under the feet of the men in receipt of bribes, to abandon a code of laws based on a morality which the Chinese subjected to them could not comprehend. No British Government is likely to be accused even of a design to make money out of the sins and follies of its subjects, but it is to be hoped that no British Government will remain the victim of folly which is worse than that of the gambler, the puritanical folly of people who would earn a cheap reputation for virtue at the cost of their neighbours, or, as THOMAS HOOD phrases it*

‘Compound for sins they are inclined to’

‘By doing those they have no mind to.’

"We are not yet aware of the exact details of the arrangements which the Governor has determined on in reference to the mode of carrying out a system of licenses, or, indeed, that these details have been yet settled. *It is said that the monopolist of the Macao gambling-houses has offered \$300,000 a year for the monopoly in Hong Kong, but the Government, we are disposed to think, will be reluctant at first, at any rate to take anything like as much money as will be offered, through a fear of being accused of rushing into this enterprise in defiance of principle in order to recruit the exhausted finance of the Colony. Indeed, there will be nothing in the nature of an open sale to one individual of all the gambling licenses in the Colony. The system will no doubt be introduced tentatively and under very strict police supervision. Still conscious of its own integrity we do not see why the Government should shrink from accepting the largest sums which it may be worth the while of gambling-house keepers to pay. There is no possibility of supposing that they will be any more lenient to the gamblers, as it were, on account of the refusal of the Government to take more than a limited sum. The difference will simply go into their pockets, and even if this were not so, the Government would hardly wish to inaugurate a system which by offering exceptional advantages to the gambler greater than those held out to him elsewhere, would make Hong Kong the chosen resort of gamblers for the whole province. It may seem shocking to many honest and creditable prejudices,—the idea of thus assimilating the institutions of Hong Kong in one respect to those of Macao, but legislation cannot be ruled by vague sentimentalities of this description. As the arrangements for carrying out the new policy advance towards completion, there will be no doubt a great deal to say about them, but for the present dealing with the broad principles of this great and comprehensive change, we need not do more than express a conviction that a wise and sound policy has been adopted, which by reconciling law with common sense will have a tendency to diminish crime, and will simplify the task of governing this anomalous community in a great variety of ways."*

(Note A.)—It appears an indisputable inference from this article that, prior to its publication, the intention of the Government to license public gambling houses had been kept a complete secret from the public of Hong Kong.

(Note B.)—Also that the editor of the "Daily Press" had received private information of this intention, emanating from some Government source.

(Note C.)—The intention of the local government to license gambling houses in Hong Kong was therefore not made public until about twelve months after the Ordinance by which this power is conferred upon the Government was first introduced into the Legislative Council.

(Note D.)—Through this reticence on the part of the local government, ratification of their policy was obtained from the Home Government, before the public in Hong Kong had the slightest suspicion of what was going on. All opportunity of petition to the Secretary of State to prevent this measure becoming law has thus been denied to Her Majesty's subjects resident in Hong Kong.

After their attention had been drawn to the startling fact that the local government had resolved to establish licensed public gambling houses, three resident missionaries waited upon Sir Richard MacDonnell to remonstrate with him upon the serious injury this proceeding would inflict upon the moral welfare of the Chinese population and the disgrace which would be brought upon the British and the Christian name thereby. This interview they followed up by a letter embodying their protest against the scheme. This letter, with his Excellency's reply, we now reprint.

The Reverend CHARLES F. WARREN and others to his Excellency Sir RICHARD GRAVES
MACDONNELL, C.B., Governor and Commander in Chief of Hong Kong.

SIR,

London Mission House, Hong Kong, July 21, 1867.

AFTER the recent interview of Messrs. Warren, Morris, and Turner with your Excellency, when you were so good as to listen to some arguments against the proposed system of licensing gambling houses in this Colony, and you intimated your intention of putting that system into operation, we desire respectfully to lay before your Excellency the following objections, to which we venture to beg your earnest consideration.

We object to, and feel in conscience bound to protest against, this scheme, for the following reasons:—

1. Because it has been introduced in an underhand and un-English way.

It is included in an Ordinance for "the maintenance of order and cleanliness," a title under which no one would look for such a measure. The clause affecting gambling is worded ambiguously; but any plain honest man would interpret it as meaning the very contrary to licensing the evil. It looks as if every care had been taken to blindfold the public on this subject. There has been no opportunity of eliciting public opinion here; no opportunity of memorialising the Home Government in opposition to it.

2. Because licensing gambling houses will certainly lead to a large increase of gambling.

The fear of the law, which is now a partial check, will be removed. The publicity of the licensed houses will ensnare many who do not now go out of their way to search for them. Sailors and other Europeans will be tempted into them. The proprietors will surround the "hells" with every attraction. But argument is needless here. The bare mention of the vast sum offered, and, it is said, accepted for the license, indicates an immense increase of gambling.

3. Because licensing gambling houses will never lead to the "ultimate suppression" of the vice.

To pretend the contrary would be the most barefaced hypocrisy. Everyone who argues for the licensing, your Excellency included, does so on the ground that suppression is hopeless. The licensing will bring a large revenue which the Government will not easily resign. But if at any time the Government does withdraw the licenses, the illegal gambling will then be harder to put down than ever. Yet by your own Ordinance, your Excellency is pledged to aim at the "ultimate suppression" of Gambling!

4. We believe that a large proportion of the Chinese population of this place are opposed to this measure. Its introduction will have a seriously demoralising effect on the Chinese resident in the Colony.

5. Gambling is at present equally illegal by British and by Chinese law in every part of the two Empires. Only last year the Governor of Canton took stringent measures for the suppression of gambling in that city. The proposed measure will degrade both our civilization and our Christianity in the eyes of the Chinese people.

6. We believe that the Government has no right to countenance and sanction vice.

By licensing gambling houses the Government will not only do this, but will actually protect and patronise that class of sharpers who make gambling their regular profession, and live by preying on the community, and (which is still worse) will itself take a share of their ill-gotten gains.

For the above reasons we are compelled, though with much personal reluctance, to enter our solemn protest against this proceeding. We again thank your Excellency for the patient hearing you gave to arguments opposed to your policy, and are sorry to be constrained to announce to you that we cannot but take every possible measure, both here and in England, to obtain the reversal of this scheme.

We are, &c.

(Signed) CHARLES F. WARREN, C.M.S.
JOHN PIPER.
RUDOLPH LECHLER.
JACOB LOERCHER.
DAVID B. MORRIS.
F. S. TURNER.

The Honourable CECIL C. SMITH, Acting Colonial Secretary, to Reverend CHARLES F. WARREN and others.

GENTLEMEN,

Colonial Secretary's Office, Hong Kong, July 27, 1867.

I AM instructed by his Excellency Sir Richard Graves MacDonnell to say that pressure of business has prevented his earlier acknowledging receipt of your letter of the 24th instant.

2. His Excellency is obliged to you for bringing before him once more your reasons for condemning the policy of licensing gambling houses in this Colony. At the same time he cannot help remembering that three of your number, at a recent interview, quite failed to give any satisfactory answer to his arguments in favour of that policy, and appeared entirely unprepared with any suggestions to meet acknowledged existing evils.

3. The Governor does not feel called on again to discuss the question at length, but is bound to give a direct denial of your assertion that "the measure has been introduced in an underhand and un-English way." Such a statement is as untrue as it is unreasonable to assert that a law for the "maintenance of order" is a title under "which no one would look for such a measure"—i.e. for a measure designed to suppress illegal gambling,—the present most fruitful source of disorders in the Colony.

4. The Ordinance No. 8 of last year was introduced publicly in Council, discussed publicly before reporters of the press, and contained the very same words as the amended Ordinance passed on the 17th of last month, viz.: "to frame such rules and regulations and conditions as may be deemed expedient for the total suppression, or in the meantime for the better limitation and control of gambling in this Colony."

5. The Ordinance of last year, like that of the present, contemplated if possible the suppression, and failing that, the limitation and control of gambling. The Governor had then hopes that by increased

exertions, gambling could be put down, hopes which, after the greatest personal efforts, aided by equal exertions on the part of several officers of the police, he has been obliged to abandon, as he found the attempt only led to the continued corruption of the police on whose efficiency the security of the lives and property of the community mainly depends.

6. Those efforts moreover drove the incorrigible and numerous Chinese gamblers of the Colony to resort to secret lairs, to live in a perpetual defiance of the law, and thus established numerous rendezvous of the worst classes, where nine-tenths of the burglaries and daring crimes perpetrated were planned.

7. His Excellency might of course have left matters in that state, which he presumes is what you would advise, or he might resort to the other alternative of the Ordinance for "the better limitation and control of gambling," which is the policy that he considers most consistent with his duty to maintain "order."

8. Last month the colonial press gave extensive publicity to the Governor's declaration in Council of his opinion that it would be wise to regulate what we could not suppress, and if publicity be un-English, and "calculated to blindfold the public," you will find it *in extenso* in the reported proceedings of the Legislative Council of the 17th ultimo.

9. His Excellency would have expected, from the deep interest which you feel in the question, that you would then have avowed your opinions. It may be a satisfaction to you however to know that Members of Council, at least all the non-official Members, so far back as the passing of the Ordinance last year, were well acquainted with and entirely approved of the alternative given to the Executive, if the suppression of gaming proved impossible. Such also is the opinion of the most experienced residents here, men whose opinions are entitled to equal weight with yours, for his Excellency presumes that you do not claim a monopoly of either sagacity or virtue.

10. You allude to the "large revenue" which gambling licenses will bring in, and some of your number have published letters imputing to the Government the most sordid motives. Your imputing such motives, when disavowed by the Government, gives them neither truth nor even increased probability.

11. The Governor simply wishes to free gambling from its present illegality so far as to break up the gangs of illegal gamblers, whose cliques are now the schools and nurseries of crime, the continuance of which you advocate. He would do so if he saw his way to such a result, without adding a cent to the public treasury.

12. He cannot however make the Chinese aid in putting down illegal gambling otherwise than by rendering it essentially their interest to do so, nor can this be effected unless they have a large interest at stake with which illegal operations would interfere. The larger that interest the greater and more effective must be their co-operation with the Government, and the more stringent the power of the latter to enforce obedience to its regulations, because that co-operation and obedience must be proportioned to the sums invested, and risked by want of co-operation and by disobedience.

13. Nevertheless, when the amount paid is sufficient for the above purpose, a point that can only be settled by experience, it is not desirable to increase it for mere purposes of revenue, and for that reason his Excellency has refused offers exceeding the amount accepted by more than \$100,000. He will even be glad to find hereafter that a less sum than that now tendered will enable the Government to attain the principal legitimate objects sought, as above stated.

14. In this small Colony, situated within a mile of the mainland, there has been between the latter and this island an interchange to and fro of 200,000 persons in the last six months, and his Excellency despairs of producing a moral impression against gaming on a community formed of such changing elements, and the individuals composing which are, in the aggregate, notoriously addicted to gaming.

15. He prefers addressing himself to the practical question of protecting property by suppressing meetings of illegal gamblers and retrieving the efficiency of the now corrupted police. He does not believe that vice ceases to exist when he shuts his eyes and refuses to see it; and if that, which is a sin of deeper die, is, from the necessity of the case, submitted to regulated sanction with the approval of the wise and good in England, for the prevention of disease, his Excellency cannot admit the distinction without a difference, which would forbid his endeavouring, with a view to the suppression of crime, to control that which was not illegal by English Common Law, and is not denounced as a sin by the Sacred Law.

16. He believes that under the new policy there will be more gaming, but by removal of its illegality the consequences will be far less pernicious to individuals or the public than its present more limited practice. His opinion on the probabilities of the case is at least founded on information as accurate and extensive as yours, though it may not be so offensively or discourteously expressed as in some of your recent publications.

17. One system has been tried and failed. Therefore another is now about to be tried. Should it also fail, the Governor has reserved complete powers to terminate the experiment at a moment's notice.

18. Finally, his Excellency desires me to add that he does not believe there is any individual amongst you so reluctant personally as he is himself to introduce a system, the object of which it is so easy for irresponsible declaimers to misrepresent in general appeals to morality, for which there will ever be a ready audience, too indulgent to suspect that the morality advocated is but a lazy acquiescence in the same vice under more revolting and dangerous conditions.

19. Argument would be useless with those who can see no difference between the special and exceptional circumstances of Hong Kong and Heligoland. What might be an unjustifiable policy in England, or in a Colony inhabited by a European race with an efficient police, may be, in the cause of order and general security, an absolute necessity in a small community of 2,000 foreigners amongst 130,000 Chinese, whose co-operation in the suppression of *illegal* gambling, the source of so much crime, can only be expected by giving them an interest in limiting its practice to a few fixed places under Government surveillance.

I have, &c.
(Signed) CECIL C. SMITH,
Acting Colonial Secretary.

Comments upon his Excellency's reply.

(1.) The careful reader will observe that Sir Richard finds the major part of the objections of the six protestants quite unanswerable. This inability to reply is partially veiled by the use of sarcasm, by accusations that the Missionaries "lazily acquiesce" in this vice of the Chinese by a charge of "offensiveness and discourtesy."

(2.) This latter charge is brought against letters published in the local newspapers by Messrs. Morris and Turner, which letters the other four gentlemen did not see until after their publication. The two gentlemen certainly complained in strong, even vehement language, little likely to be pleasing to Sir Richard, of the immorality of this scheme; of the reproach brought thereby on our country and our religion; and of the Government's making a secret of its intention. These charges are all substantially embodied in the above joint protest.

(3.) It will be noticed that Sir Richard does not attempt to reply to objections 3, 4, and 5, and that objection 2 he in effect admits.

(4.) No imputation of sordid motives has been made. Not the *motives*, but the *acts* of the government have been criticised. The facts are these: There is an acknowledged deficit of \$120,000 in the revenue. To supply this the Stamp Ordinance was passed, which Ordinance the Governor could put in force at any moment if he pleased. He prefers to hold this in abeyance, and to supply the necessities of the colonial treasury by a sum (say \$250,000) derived from gambling house licenses.

(5.) A great part of the Governor's letter is devoted to an attempted refutation of the charge of introducing this measure in an underhand and un-English way. The failure of this attempt is evident enough. Sir Richard contends that the Order and Cleanliness Ordinance was publicly introduced last year. But the complaint is that this Ordinance contains nothing about licensing gambling, nor would it suggest the idea that such a scheme was contemplated. He says that this intention was published on the 17th June of this year. Thus our charge is established; for before that date the Governor had, by private correspondence, obtained the desired ratification from the Home Government. The history of this measure, extracted from the colonial newspapers, is given at length and without reservation at the commencement of this pamphlet. Immediately upon this measure being made public this year, a protest was made against it. Such protest would assuredly have been made last year had the Government scheme been known to the public then. That not a word of opposition was breathed from any quarter is conclusive proof that the project was kept secret.

If corroboration were needed, section 9 of the Governor's reply furnishes a convincing proof. There Sir Richard states "at least *all the non-official members of the council*, so far back as the passing of the Ordinance last year, were well acquainted with and entirely approved of the alternative given to the Executive." From this it appears that the Governor cannot venture to assert that *all* the members of Council knew of this scheme last year. All the non-official members knew it. But surely had it been made public in the Legislative Council, all the official members, and the reporters of the press, must have had equal opportunity of knowledge with Messrs. Whittall, Dent, and Gibb.

(6.) His Excellency's arguments in favour of licensing are three:—

I. There are gangs of illegal gamblers who resort to secret lairs which are the schools and nurseries of crime wherein nine-tenths of the burglaries and daring crimes are planned.

Undoubtedly there is a certain amount of illegal gambling always going on. That gambling is a fruitful source of crime is one of our arguments against the licensing system. Sir Richard admits that gambling will be increased under the proposed system, therefore the crimes committed by impoverished gamblers will increase also. There is a natural and necessary connexion between the two.

There is not, however, any natural and necessary connexion between gambling houses and the lairs of criminals. If the criminal class can no longer assemble in gambling-houses, they will find secret haunts elsewhere. Sir Richard will but "change the place and keep the pain."

Any one unacquainted with the state of Hong Kong might be led by Sir Richard's remarks to suppose that the Colony was driven by dire necessity to unusual measures of self-defence against robbers and burglars; but the public here generally admits that Hong Kong was never so free from these crimes as within the last few months. This is owing doubtless to the energetic administration of the present Governor, to the wise regulations he has introduced for the registration of the Chinese, and to the severe but salutary treatment of convicted criminals. Burglary, garrotting, and other crimes have been committed even in London. They are certainly not so much more frequent in Hong Kong as to justify such an extraordinary preventive measure as the licensing of public gambling-houses.

II. His Excellency's second argument is that the gambling-house keepers will prove valuable assistants to the police in putting down illegal gambling.

If the gambling is made legal and carried on under the light of day in licensed houses, there can be small gain to the morality and welfare of the community in the suppression of illegal gambling.

Elsewhere this argument has been expanded in this form. The gambling-house keepers are to aid the police as detectives, and thus to ensure the arrest of criminals. Thus, if gambling-houses are a source of crime, their proprietors will enable the police to drive the criminals from the Colony. Hong Kong is to become a school and nursery of crime; but the criminals are not to molest the community of Hong Kong. They are to be driven abroad, to prey upon the subjects of the Emperor of China in the neighbouring province of Canton, where gambling is strictly prohibited by Chinese law.

III. The third argument is that the efficiency of the now corrupted police force will be retrieved.

In order to do this the honour and morality of the British Government is to be sacrificed; a fearful price to pay for an uncertain gain! But the sacrifice is unnecessary. Sir Richard admitted to the three missionaries who waited on him, that if he could only get a sufficient number of London policemen he would be able to suppress illegal gambling without resorting to the licensing system. The question is therefore reduced to one of revenue, and this argument is no more than a plea of poverty. The present European police appear to be too few for the work, and to be miserably underpaid, hence they accept bribes. It requires only an augmented expenditure, and Sir Richard is fully competent to provide for the execution of the law and the welfare of the country without licensing gambling. Why then is the Stamp Act not put into operation?

His Excellency is unable to see the distinction between licensing brothels and licensing gambling-houses. (We do not see the need of imitating Sir Richard in avoiding ugly words by elegant circumlocution.) The licensing of brothels we do not care to defend, nor will we hastily condemn it, not understanding the disgusting subject. But this Ordinance is professedly based upon the right of society to defend itself against the spread of a loathsome contagious disease. As such it differs entirely from the proposed licensing of gambling houses in aim, in method, in result. In aim, for it means the prevention of disease, while the other provides facilities for the practice of vice. In method, for the gambling license is to limit the number of gambling-houses, whereas there appears to be no limit put to the number of brothels in Hong Kong. In result, for it is said to be useful in diminishing disease, while the other will increase gambling, and its consequent crimes. When the Government is prepared to arrange for the establishment of fifteen gigantic brothels, to regulate the details of their vile traffic, and to enrich the revenue by some hundreds of thousands of dollars derived from licensing them, we will admit a precedent for a similar treatment of gambling-houses. Until then it is to be hoped most persons are clear-headed enough to see that there is not here "a distinction without a difference."

CONCLUSION.

The above papers are collected partly as a reply to the Governor's letter, partly for the information of the public here and in England.

The missionaries have opposed this measure from no factious motive. They are animated simply by an earnest desire to prevent a great moral wrong and injury being done to our fellow subjects, and to avert the obliquy which will be poured by the millions of the Chinese people upon the "barbarians" who would introduce a measure so plainly contrary to the first principles of morality. Already there is sufficient prejudice against the intrusive foreigner in the Chinese mind, without our giving them a sound reason for despising us, as they certainly will do if this measure is put into execution. Among the Chinese there is no quibbling about gambling being innocent without certain limits. The conscience of the whole nation, the law of the Chinese Empire, and the recent repressive edict of our neighbour, the Governor of Canton, all condemn it without reservation. Admitting our superiority in war, and in mechanics, the Chinese has a profound conviction that in philosophy and morality, his nation is immeasurably superior. Shall we confirm him in this notion, careless of the finger of scorn which he will point at us immediately he sees Government licensed gambling-houses opened in Hong Kong, the only place where he has ocular evidence of what western legislation is?

Once more let it be pointed out that the missionaries have not the remotest wish that our Government should attempt to make its subjects moral by coercive legislation. The question is not whether gambling for petty stakes is or is not immoral. The question is this:—Shall the British Government set up gambling-houses to be frequented by its subjects? By English and by Chinese law the keeper of a gambling-house is justly regarded as a criminal who lives by promoting and fattening upon the vice and the ruin of the people. Is our Hong Kong Government to perpetrate this crime? Such a thing is utterly abhorrent to all sound principles of legislation, and to all practice of civilized countries. What! Because the Government cannot extirpate the Chinese propensity to gamble, is it itself to stoop to their level? To pander to their vice? To take the iniquity under Government patronage and control? In the presence of such a monstrous perversion of the functions of an honourable and Christian government, the added disgrace of making a profit to the revenue out of such a vile source is by comparison small.

CITIZENS OF HONG KONG! It is to your credit that as a body you are clear from the charge of recommending or supporting this measure. Unknown by you until it had become law, it has since been received by you without any sign of approval. Except one newspaper (of such a character that its support is almost enough alone to show that the measure is bad) and one anonymous correspondent in its columns, no one in Hong Kong has stepped forward publicly to defend the Government in deriving a revenue from such a source. But it is to be feared some of you are guilty of a "lazy acquiescence" in this proceeding. We appeal to you now to come forward and protest against the scheme. We cannot believe that British, American, and German merchants are moved to support this measure by a selfish desire to spare their pockets the expense of paying taxes. It is said that this license money is to be a substitute for the stamp tax. Do you for your own honour demand that the Stamp Ordinance shall be put into force, before another step is taken in the gambling-house business? This hope of escaping the imposition of the stamp tax has been held out to the Chinese, and some of their leading men, influenced by this bribe, hesitate to oppose the measure. Will the British merchants of this Colony leave themselves open to the possibility of having the same motive imputed to them?

The case will probably have to be referred to the decision of Her Majesty's Ministers by the usual course of petition to the Secretary of State. At present the matter is in this very curious predicament. All Hong Kong knows that it is the intention of the Government to license gambling, and knows too, about the sum which is to accrue to the revenue thereby. But there is no official statement of these things to be found. The public is indebted for all it knows officially to a letter drawn from the Governor by six obscure missionaries. It may be desirable to await the next meeting of the Council in hope of some more distinct utterance on the part of the Government before taking further steps.

F. S. TURNER, B.A.

D. B. MORRIS, of Glasgow University.

The "Gambling" Revenue.

Shortly before going to press we received a printed copy of the subjoined correspondence between the signatories and his Excellency the Governor. The "case" is this:—The Governor proposes to raise a revenue from Chinese gambling tables by licensing them, and he estimates the revenue derivable from that source at from \$250,000 to \$300,000 per annum. The memorialists object to licensing at all. There is a third party, including ourselves, who advocate licensing in order to give the power of regulating and controlling, but without any view to deriving pecuniary profit from the

vices of Chinamen. His Excellency Sir R. Graves MacDonnell, thinks, however, that it is perfectly consistent with the honour of the Crown which he represents that the expenses of its administration in Hong Kong should be partially defrayed by what can be obtained from the public gambling tables of the Chinese. There is no social or pecuniary necessity for such a very objectionable mode of raising money for the use of Government here. His Excellency has committed a blunder. The Stamp Act is available honestly, and would yield more money than Sir Richard requires. Why he has preferred to trade upon the vicious propensities of Chinamen, instead of carrying out a law to which Her Majesty has assented, has yet to be satisfactorily explained. It will be seen that Sir Richard, in his reply, mildly insinuates that it is not his intention to aid the general revenue by such means; and this may, perhaps, be regarded as a sign of repentance.

[Then follows a Letter from the Reverend CHARLES F. WARREN, and others, to his Excellency Sir RICHARD GRAVES MACDONNELL, C.B., Governor and Commander in Chief of HONG KONG, dated London Mission House, Hong Kong, July 24, 1867, which will be found printed on page 72.]

[Then follows a Letter from the Hon. CECIL C. SMITH, Acting Colonial Secretary, to Reverend CHARLES J. WARREN, and others, dated Colonial Secretary's Office, Hong Kong, July 27, 1867, which will be found printed on page 72.]

The "DAILY PRESS," Saturday, July 27, 1867.

The Gambling Licenses.

To the Editor of the "DAILY PRESS."

Sir,—Allow me to assure you that you are mis-representing us to the public, when you intimate that the gentlemen engaged in the "mild agitation" against licensing gambling are discouraged by the state of public feeling in this Colony. I frankly admit we met with some rebuffs at first. Indifference was manifested in quarters where we hoped for a heartier feeling. "The thing is done," we were told; "it is too late to try to stop it now." We soon discovered, too, that a portion of the public is entertaining the hope that silence about the gambling license will procure at least the postponement of the execution of the Stamp Ordinance. The scheme, moreover, has purposely been "kept dark," so that few persons have given it their serious consideration. The public conscience is little sleepy, but already we see indications of its awakening. As discussion grows, our party must grow daily. You are far out when you assert that we have met with "singular ill success." On the contrary, of all the persons we have conferred with only two besides the Governor have been out-spoken advocates of the licensing. That there is anything like a general conviction that this is a *right and wise measure* I confidently deny. We have found ardent sympathisers in our opposition within the Legislative Council itself among Government officials not in the Council; among the most respectable merchants in the Colony; among the store-keepers and tradesmen; and among the Chinese. Sympathy and offers of assistance have come unsought for from unexpected quarters. Our inquiries so far point to the plain conclusion that the Governor, who was, I suppose, the originator of the scheme (unless he derived the idea from the notorious Mr. Caldwell) is in reality its main support. But for the strict discipline which compels Government officials here to follow their chief, there would have been opposition enough in the Government ranks alone to prevent the introduction of this measure. Even now, if they dared to speak out (and I do not wish to impute want of moral courage to these gentlemen, doubtless they only wait the fitting moment) I believe the thing would yet be nipped in the bud. *The measure is not a people's measure*, it is purely a Governor's measure. Skilfully planned, quietly smuggled through the Council, ratifications obtained from home by I know not what means, the Governor has got his scheme so far confirmed, that nothing but the fear of a burst of public indignation stands between him and its execution. But I doubt if he will have the courage to use the power he has got. If he does, his triumph will be short lived. I confide in the honour and moral sense of the British nation to stamp this crafty and dishonourable policy with the stigma it merits. Not only shall a petition go to the Secretary of State, but Members of the House shall be addressed on the subject. We will see whether the "Times," the "Pall Mall Gazette," the "Saturday Review," and a score more of the influential dailies and weeklies will follow the lead of the "Hong Kong Daily Press" in this matter. Various public bodies in England that we are connected with shall be put in motion. We will make Britain, Europe, and America resound with the report of the scandal, until its disgrace is wiped away from our country's escutcheon. Let those who dread the ignominy come forward to prevent the wrong before it is too late.

Among the Chinese we have sympathy and shall have support. I have not gone out personally to canvass them, but I have good information that many are adverse to this measure. You calumniate the Chinese people when you assert that they are universally gamblers. It is just as false as that they are universally liars, rogues, opium-smokers and profligates. Vice is, alas! too prevalent among them, more so than in Christian countries I believe; though in Hong Kong a good many Europeans run them a hard race for the first place in iniquity. The Chinese eclipse us in gambling; we surpass them in drunkenness. But addicted as they are to this vice, it is almost as bad to call them a nation of gamblers as it would be to call the English a nation of drunkards. Statistics are not procurable here, but I venture the assertion that at least half the Chinese in this Colony are not gamblers, and are opponents of this measure. But whether they gamble or not the conscience of the Chinese is as clear as ours on this point, that gambling is sinful. Why do they do it then? Ah! if all people acted up to their sense of right, what a heaven our earth would soon become! Your notion that the Chinese feel a sense of injustice, when the police break up a gambling house, is simply ridiculous to one who knows the Chinese. They believe in a paternal Government which itself sets a righteous example, and which chastens the vices of its subjects with an unsparing hand. The very sufferers would admit that the Government which punishes them is worthily discharging its duty.

and now a few words about the arguments in favour of the measure. You urge that the Ordinance is intended for the mitigation of the evil. We believe it is intended for the mitigation of *another evil*, viz., the corruption of the police force, and also to raise money. As it will surely increase the amount of gambling (the Governor himself believes that it will), so it will surely increase the evils naturally and necessarily resulting from gambling. How can anyone pretend that the amount of gambling now going on in holes and corners, in ruined or unlet houses, can approach the amount which will go on in the licensed places? It is said that 25 gambling houses are now open. What evidence is there that there are so many. High Government authority admits that this a mere guess. But suppose the 25 existing, how many tables are there, and how much play goes on in them? There will certainly be more tables and more play going on in five licensed gambling houses than in 25, perhaps than in 50, of the unlicensed dens. If not, where are the \$250,000 to come from?

In what way, pray, do you propose "to eradicate the evils" of gambling by this new patent system? The *vox populi* has well branded these places as "hells." Envy, covetousness, lying, cheating are at home there. Dishonesty, theft, kidnapping, burglary, piracy, suicide, and murder issue from their doors. By what magic spell are you going to whitewash these nurseries of crime, and change them into homes of innocent amusement? Do you guarantee that the coolie who has lost there his month's wages, and has no money wherewith to buy rice for thirty days, will not rob his master? That the compradore who has lost \$10,000, perhaps his employer's money, will not scheme to defraud that employer of \$20,000? That the father who is devoted to the vice will not sell his daughter to prostitution to get funds for another try at the tables? Eradicate the evils of gambling, while you retain the thing! You must cleanse out hell itself first.

But there are to be "Rules, Regulations, and Conditions." It would be as well to tell us what these are, and how they will work. Suppose that one of these limits the amount of the stakes to be played for. Do you suppose it can be carried out? If the policeman now takes a bribe to wink at a secret gambling house, will he have evil so thoroughly eradicated from him by the new measure that he will not look at a bribe to connive at violation of the regulations? Depend upon it, these rules and regulations will be so many wind-bags. The Governor cannot, on the "honour among thieves" principle, do much to obstruct gambling after pocketing the \$250,000. And apart from the amount of license money altogether, a little reflection will show that gambling, if legalised at all, must be allowed its full swing. The number of houses may be limited, but there must be in them full accommodation for the utmost extent of the gambling appetite in the Colony. Small license fees, and coercive restriction of the amount of gambling will both be found practically impossible. As the brothel licensing system allows of an unlimited amount of prostitution in the Colony, so it will be with the gambling. There will be no "limitation" if this system is once introduced.

Here I cannot but complain of the great unfairness of trying to find a parallel between the two Ordinances, and to make the one a precedent for the other. Everyone knows that the brothels are licensed, not to limit or control or suppress fornication, *but to keep down a filthy disease*. What disease is generated in and propagated by gambling houses? No physical disease arises there that I ever heard of. Crime of every kind is hatched in and propagated by gambling houses, and crime will certainly increase, by a natural law, just in proportion to the increase of gambling. The brothel licence is no precedent for licensing gambling, and I wonder at the obtuseness, on the silly dishonesty, of those who would try to make it serve this purpose. I come now to the real reason for introducing this measure, and the only even plausible argument for it, the corruption of the police force. I admit that this is a serious and crying evil, and one very difficult to grapple with. But I question if licensing gambling houses will altogether cure it. If these men have been used to take bribes so long, they will look for them elsewhere when this source is cut off. But this plea, giving its fullest force, is simply one of poverty. The present European police are miserably underpaid. Given the money, and a trustworthy police force might be maintained here as well as elsewhere. Where is the money to come from? Put the Stamp Ordinance into operation, raise a loan, do anything, or nothing, rather than be so vile as to confess the Colony cannot afford to keep a conscience. The present depression of trade cannot always last. It is better to contend manfully, if unsuccessfully, against evil, than to go and "make a compact with the devil," as you deliberately advise us to do. I fear that those who visit the arch-fiend on such an errand are pretty sure to come back outwitted, if ever they come back at all.

Yours faithfully,

London Mission House, July, 1867.

F. S. TURNER.

Enclosure 2, in No. 6.

SIR,

31st December 1868.

Encl. 2 in No. 6.

I AM directed by Earl Granville to acknowledge the receipt of your letter of the 12th December on the subject of gambling in Hong Kong, and I am to inform you in reply that the matter will engage his Lordship's attention.

B. B. Turner, Esq.

I am, &c.
(Signed) FREDERIC ROGERS.

No. 7.

No. 7.

COPY of a DESPATCH from the Earl GRANVILLE, K.G., to Governor
Sir R. G. MACDONNELL, C.B.

(No. 16.)

SIR,

Downing Street, February 4, 1869.

I TRANSMIT to you for your information, and with reference to my predecessor's Despatch, No. 206,* of the 8th December, copies of a correspondence with the National

* Page 68.
Memorial and
answer.
Vide pages 87-
90 and 91.

Association for the Promotion of Social Science, on the subject of the answer which you addressed to a memorial from that society, and which has been published in an English newspaper.

Governor Sir R. G. MacDonnell, C.B.
&c. &c. &c.

I am, &c.
(Signed) GRANVILLE.

No. 8.

No. 8.

EXTRACT from a DESPATCH from the Earl GRANVILLE, K.G., to Governor Sir R. G. MacDONNELL, C.B., dated Downing Street, March 26, 1869.

(No. 41.)

* Page 66.

With regard to the revenue derived from gambling licenses, and to the remarks respecting it which you made to the Legislative Council in your financial statement, when you treated it as a "new source of revenue," I must observe that the objects to which funds derived from that source are to be appropriated are clearly defined in my predecessor's Despatch of the 23d October, No. 176,* and that the instructions contained in that Despatch must not be exceeded without further and special sanction.

The system now in force can be justified only if regarded as an experiment intended to facilitate the early suppression of gambling houses in Hong Kong, and the head of the police should watch its working carefully, and exclusively with that view.

It would be fatal, however, to any further proceedings in this direction, if the fees derived from the issue of licenses to gambling houses were so appropriated as to relieve the inhabitants of the Colony from paying any portion of the ordinary taxation.

For these reasons I request that for the future you will not include in the estimates the proceeds of gambling licenses as actual revenue, which may be appropriated to other objects than those already specified, but that you will keep a separate debtor and creditor account of those moneys, which account should accompany the annual estimates.

I should wish at once to be furnished with a statement showing the gross amount already received from that source, and the amount which has been devoted to the purposes to which you have received permission to appropriate it.

It is evident that there must be a considerable balance in hand, and that in future years the balance will be even larger than that which accrued during 1868.

It is the wish of Her Majesty's Government that the surplus gambling fees should be funded or invested, and reserved for the extraordinary expenditure, which is likely to be required when a vigorous effort is made to suppress the public exercise of this vice.

No. 9.

No. 9.

COPY of a DESPATCH from the Earl GRANVILLE, K.G., to Governor Sir R. G. MacDONNELL, C.B.

(No. 64.)

SIR,

Downing Street, May 1, 1869.

* Page 25.
† Page 32.

I HAVE received your two Despatches, Nos. 664* and 665,† of the 6th March, on the subject of Mr. Caldwell's position in regard to the licensed gaming houses in Hong Kong, and the existing method of allotting gambling licenses.

I shall postpone expressing any opinion in regard to those subjects until I shall have received your reply to my Despatch, No. 41, of the 26th March.

I must, however, at once express my regret at the tone in which you comment upon the instructions which you have received,—a tone, I am obliged to observe, which is peculiarly unbecoming when the Secretary of State from whom those instructions proceeded is no longer in office.

Governor Sir R. G. MacDonnell, C.B.
&c. &c. &c.

I have, &c.
(Signed) GRANVILLE.

RESPECTING GAMBLING LICENSES.

79

No. 10.

No. 10.

COPY of a DESPATCH from the Earl GRANVILLE, K.G., to Governor
Sir R. G. MacDONNELL, C.B.

(No. 72.)

SIR,

Downing Street, May 7, 1869.

I TRANSMIT to you for your information, and with reference to my Despatch, No. 41* of the 26th March, copies of a further correspondence between the Secretary to the National Association for the Promotion of Social Science and this Department in reference to the trial of the prisoners charged with being concerned in the murder of Mr. W. Holworthy.

* Page 78.

16 April.
6 May.
Vide pages 91
and 93.

Governor Sir R. G. MacDonnell, C.B.,
&c. &c. &c.

I have, &c.
(Signed) GRANVILLE.

No. 11.

No. 11.

COPY of a DESPATCH from the Earl GRANVILLE, K.G., to Governor
Sir R. G. MacDONNELL, C.B.

(No. 137.)

SIR,

Downing Street, September 7, 1869.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 739,* of the 6th July, enclosing the Report of the Superintendent of Police for the quarter ended the 30th June, showing the number of cases of larceny by servants for that period, and the reports of the Police Inspectors of the licensed Gambling Houses in Hongkong.

* Page 57.

I have, &c.
(Signed) GRANVILLE.

Governor Sir R. MacDonnell, C.B.,
&c. &c. &c.

No. 12.

No. 12.

COPY of a DESPATCH from the Earl GRANVILLE, K.G., to Governor
Sir R. G. MacDONNELL, C.B.

(No. 138.)

SIR,

Downing Street, September 8, 1869.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 716,* of the 9th June, enclosing an extract of a letter from the Rev. J. Anderson on the subject of gambling in Canton.

* Page 54.

I have, &c.
(Signed) GRANVILLE.

Governor Sir R. G. MacDonnell, C.B.,
&c. &c. &c.

No. 13.

No. 13.

COPY of a DESPATCH from the Earl GRANVILLE, K.G., to Governor
Sir R. G. MacDONNELL, C.B.

(No. 158.)

SIR,

Downing Street, October 7, 1869.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 726,* of the 21st June, enclosing documents and memoranda relative to the abuses existing in the Yee Tsze Hospital, and suggesting the establishment of a new hospital for sick and moribund Chinese, conditionally that its regulations and general superintendence be subject to Government control.

* Page 55.

I approve of your suggestion, and have to authorize you to contribute \$10,000, from the Gambling Fund towards the erection of a Chinese Hospital on the Chinese completing and paying into one of the banks \$15,000 towards the same object.

I also approve of an expenditure from the fund of about \$3,000 towards levelling and preparing a suitable site for the hospital for which provision is made in the supplementary Report and Estimate, No. 27, of 1869, enclosed in your Despatch, No. 742, of the 7th July, but I cannot sanction any annual contribution from that source towards its maintenance.

* Page 59. With regard to the general question of dealing with the monies derived from the issue of Gaming Licences, and in reply to your Despatch, No. 744,* of the 7th July, and previous despatches on the same subject, I have addressed to you a separate communication.

I have &c.
(Signed) GRANVILLE.

Governor Sir R. G. MacDonnell, C.B.,
&c. &c. &c.

No. 14.

No 14.

COPY of a DESPATCH from the Earl GRANVILLE, K.G., to Governor
Sir R. G. MACDONNELL, C.B.

(No. 159.)

SIR,

Downing Street, October 7, 1869.

Gov. 664, 6th
March 1869,
page 25.
Gov. 665, 6th
March 1869,
page 32.
Gov. 697, 28th
April 1869,
page 49.
Gov. 714, 8th
June 1869,
page 51.

I HAVE the honour to acknowledge the receipt of your Despatches, noted in the margin* relating to the licensing of Gaming Houses in Hong Kong, and the disposal of the funds derived from that source, and I now proceed to inform you of the decision at which I have arrived in regard to the several points raised in that correspondence. After a full consideration of your two Despatches of the 6th March, and of your further Despatch of the 28th April, with the opinions of the members of your Executive Council on the best mode of issuing licences, I am of opinion that it will be desirable as soon as possible to adopt such means in regard to the allotment of licences as will prevent the recurrence of such a very questionable transaction as that in which Mr. Caldwell was concerned, and that the surest way of attaining that end will be by an alteration of the present method of issuing them.

If the present agreement with the Gambling House Lessees is for a determinate term, it must, therefore, in accordance with my opinion, be allowed to expire at the end of that term; but if it is virtually at will, it should be allowed to run on for so long as may be considered fair to the licensees, but not longer than for six months from the receipt of this Despatch.

At the expiration of that period I have to instruct you to adopt a new system of issuing licences which does not leave it in the power of the Governor to choose the licensee without rule from among competing tenderers.

I am of opinion, nevertheless, that before proceeding to open tenders or draw lots it should be within the power of the Governor, with the advice of his Executive Council, to exclude tenderers who are apparently not proper persons to receive a licence. The reasons for such rejection should, however, be always recorded. It is only due to you, in desiring that such alterations should be made, that I should express my belief that by continuing to the present time the system which has been in force you have been actuated by a desire to do what was for the best as regards the interests of the Colony.

* Page 51.

I have perused with regret your Despatch of the 8th June, No. 714,* enclosing a copy of the minute addressed by your direction to the Auditor General, not only because it is unbecoming that an argument with the Secretary of State should be carried on by a Governor in the form of a Memorandum addressed to one of his own officers, but because it makes me apprehend that the clearest instructions addressed to you on the subject of these licences may not be sufficient to prevent misunderstanding. I have already communicated to you my views respecting the ultimate destination of the Gambling Licence Fund, from which I see no reason to withdraw.

* Page 79.

I have, in a Despatch of the 7th instant, No. 158*, sanctioned a contribution from that fund to the Chinese Hospital; but I shall be unable to sanction the laying on that fund of any Police expenses for the present year not specially authorized to be laid on it by the Duke of Buckingham. What proportion of these or similar expenses should be allowed after the present year will be for future consideration.

I cannot admit that any difficulty whatever need exist in keeping a clear account of the receipts of the Gambling Licence Fund and the disbursements from it, though I fear

that difficulty may be found in showing those disbursements to have been duly authorized.

I have, &c.
(Signed) GRANVILLE.

Governor Sir R. G. MacDonnell, C.B.,
&c. &c. &c.

No. 15.

No. 15.

COPY of a DESPATCH from the Earl GRANVILLE, K.G., to Governor
Sir R. G. MACDONNELL, C.B.

(No. 163.)

SIR,

Downing Street, October 7, 1869.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 760,* of the 21st July, in which you inform me that you have made arrangements with the licensees for the total exclusion of all women from the gambling houses.

* Page 63.

I approve of this proceeding, and I hope that it indicates some progress towards the absolute prohibition of gambling, which I regard as the ultimate aim of the present licensing system.

I have, &c.
(Signed) GRANVILLE.

Governor Sir R. G. MacDonnell, C.B.,
&c. &c. &c.

No. 16.

No. 16.

COPY of a DESPATCH from the Earl GRANVILLE, K.G., to Governor
Sir R. G. MACDONNELL, C.B.

(No. 165.)

SIR,

Downing Street, October 8, 1869.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 744,* of the 7th of July, in which you forward a report of the Auditor General's as to the receipts from the Gambling License Fees and the balance remaining after deduction of the amounts which Mr. Rennie considers chargeable against the fund.

* Page 59.

Before reviewing in detail the expenditure charged in that account I have first to explain to you that, in my judgment, the present policy of licensing Gambling Houses is defensible solely with a view to the ultimate suppression of that vice in Hong Kong, and on the supposition that this object may be eventually attained by a vigorous effort involving a well considered and well timed expenditure of money, and that in the meantime your Government should prepare for this effort, first, by organizing such a police force, and acquiring such knowledge of the haunts, habits, and lives of the frequenters of these play-houses as the task will require, and secondly by collecting and funding a large sum of money to meet any expenses which may become requisite.

Thus, while accepting the decisions of my predecessor as to the particular items to which they relate, I am not prepared to accept as a precedent the permission given by his Grace to spend part of this fund in the support of police vessels — a permission evidently given with some reluctance, and which seems to me too to be straining allowance to the utmost.

I am aware of no reason for assuming that the money spent on the police in 1866 was all that ought to have been so spent—still less that it is all that ought to be spent now or in time to come, and on that account alone Mr. Rennie's principle of valuation must be deemed inadmissible. I agree with you, however, in the opinion that no trustworthy calculation can now be made of the amount of Police expenditure which may be fairly charged to the License fund, as employed in the control of gambling, and I am disposed to believe if such a calculation were possible the result might be unacceptable to the Government of Hong Kong.

As, therefore, any settlement must be more or less arbitrary, I am ready to acquiesce in one based on the instructions contained in the Duke of Buckingham's Despatch,

No. 17.

No. 17.

COPY of a DESPATCH from the Earl GRANVILLE, K.G., to Governor
Sir R. G. MACDONNELL, C.B.

(No. 167.)

SIR,

Downing Street, October 8, 1869.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 770,* of the 7th August, in which you propose that 30 trained English Policemen should be sent out to Hong Kong.

* Page 63.

I observe that you consider that the Colony could not afford the contemplated expense of this increase of the force were it not understood that the fund derived from the licensed Gambling Houses was available for this purpose.

Having reference, therefore, to my Despatch, No. 165,† of 8th October, in which I have informed you that the amount to be appropriated from that fund for Police purposes must be limited to \$30,000 per annum, I infer that you will not wish your present suggestion to be acted on.

† Page 1.

Should I be mistaken in this inference, I shall be ready to use my best endeavours to give effect to your wishes.

I have, &c.
(Signed) GRANVILLE.

Governor Sir R. G. MacDonnell, C.B.,
&c. &c. &c.

Correspondence between the Colonial Office and the Social Science Association.

No. 1.

No. 1.

COPY of a LETTER from G. W. HASTINGS, Esq., to his Grace the DUKE OF BUCKINGHAM
AND CHANDOS.

National Association for the Promotion of Social Science,
1, Adam Street, Adelphi, W.C.,
August 1, 1868.

MY LORD DUKE,

I HAVE the honour to enclose a memorial prepared by the standing committee of this association on India and the Colonies, and to request the favour of your Grace's consideration thereto.

I remain, &c.
(Signed) G. W. HASTINGS.

His Grace the Duke of Buckingham and Chandos,
&c. &c. &c.

Encl. in No. 1.

Enclosure in No. 1.

To the Most Noble the Duke of BUCKINGHAM AND CHANDOS.

The Memorial of the Standing Committee for India and the Colonies of the National Association
for the Promotion of Social Science.

SHOWETH,

THAT it appears from the papers presented in March last by Her Majesty's command, and laid on the table by your Grace, (intituled "Agreement under which play rooms are now held at Heligoland"; and Ordinance (No. 9 of 1867) "To make further provision for the maintenance of order and cleanliness within the Colony of Hong Kong") that the local authorities in the former colony had, at different times in the years 1855, 1857, and 1858, granted or confirmed to two common gambling-house keepers in succession (natives of Frankfort and Cassel) in consideration of the yearly payment of eight thousand thalers to, and subject to the approval of, Her Majesty's Government, (or "higher authority" to use the language of the concessions) the privilege of the gambling establishment or exclusive right to the games of hazard in the said island of Heligoland, till the 1st of January 1871; that those concessions are still in full operation, that the local authorities in the other colony, that of Hong Kong, had so recently as the summer of 1866, taken upon themselves to pass an "Ordinance" (No. 89, 1866) by which all existing laws in restraint of public gaming there were to be deemed *pro tanto* repealed, and they themselves enabled, "From time to time to frome and pass such " rules, regulations, and conditions as might be deemed expedient for the total suppression, or in the " meanwhile for the better limitation and control of gaming in that colony," that notwithstanding the strong disapproval of that Ordinance by your Grace's immediate predecessor, the Earl of Carnarvon, those provisions were on the 17th of June last "re-enacted" by the same local "authorities" "with some slight changes and omissions," as sections 18 to 24, both inclusive, of the said Ordinance No. 9 of 1867, and that they have been acted on ever since, and with such effect, that there are now existing at Hong Kong under the Royal License, twelve public gaming houses, managed by a gambling farm, out of the profits whereof a sum of nearly 200,000 dollars yearly is received by the local authorities, as at present unappropriated revenue, and in pursuance of certain rules, regulations, and conditions, by which in exercise of the above powers they called that monopoly into existence: Your Memorialists beg leave to refer (1) to Governor Sir R. G. Macdonnell's despatch to your Grace of the 29th of October last on the subject of the two Hong Kong Ordinances, and the general state of affairs, (2) to the resolutions of the Hong Kong Chamber of Commerce of the 3rd of April last, disapproving of so much of the same as related to public gambling, and (3) to the annual report and census for the year 1867 of Mr. Smith the Registrar-General and Acting Colonial Secretary of Hong Kong, dated the 29th of February last.

3. Your Memorialists, painfully impressed with the great discredit which the transactions mentioned in paragraph 1 are calculated to bring upon the British name at home and abroad, address to your Grace their humble remonstrance against them.

4. They would represent, with respect to Heligoland that from the year 1855 it has always been and still is competent for the Imperial Authorities to avail themselves of the above-mentioned reservation in the Heligoland gambling farm and at once to suppress the same, and therefore that it is only through the acquiescence of those Imperial authorities that the local authorities have received from the commencement of that farm, and are receiving, and this in the name of Her Majesty, the above yearly payment of 8,000 thalers, about 1,200*l.*, from out of the profits of that monopoly.

5. With respect to Hong Kong, on the other hand, the gaming farm appears to have been carried into effect by the local authorities after Her Majesty's Imperial Government had clearly expressed their disapproval of it, and their determination not to accept a revenue raised by such means; insomuch that since the summer of 1866, when the first Ordinance was passed, the farm had been created by the local authorities, put up by them to sale, and granted to the highest bidder; the yearly consideration money received in advance from the farmer and, as already mentioned, 12 licensed gambling houses set up by him, and brought into active operation amongst the mixed community of less than 118,000 inhabitants of both sexes and of all ages, by whom that little and unproductive island is already over-peopled, and where gambling was previously known only as a crime both by Chinese and by British Laws.

6. If the terms of Governor Macdonnell's reply to a very recent deputation of Hong Kong merchants on the subject of the mint are correctly reported in the local organ which defends these Ordinances, it would appear that his Excellency had not, down to that time, been directed either by your Grace or by your predecessor, to consider the payments so received by him as "unavailable" revenue, whether in aid of the Treasury of Hong Kong, described by his Excellency as "bankrupt," or for any other public purpose. And your memorialists humbly submit that it concerns the honour of the Crown that his Excellency should be so directed with the least possible delay.

7. Your memorialists cannot doubt the information which has reached them of the great amount of scandal and discontent which these proceedings of the local authorities have caused at Hong Kong and on the coasts of China.

8. If it be said that the object of these measures was to effect the ultimate suppression of public gambling, by making it the interest of the government farmer and licensees to take upon themselves the performance of the public informer's duty, a duty hitherto, according to Governor Macdonnell, disregarded by the corrupt or inefficient Bengali and Madrassé police of Hong Kong, it might suffice to reply that no such end ought to be deemed to justify such discreditable means, even if no other means to that end existed; and that in the present case the practical effect of such a departure from moral laws will simply be to exempt from all legislation whatever those public gambling houses which pay a yearly fee to the farmer of the Government.

9. But your memorialists would here refer to the documents already cited, in corroboration of the following statements which have been laid before them: (1), that neither the Chinese laws and usages nor the local Ordinances against gambling have ever been fairly put into execution nor revised with that intention; and that on the contrary one most excellent Ordinance (No. 6 of 1857), for improving within Hong Kong the Chinese law of the tithing and hundred and the Frank pledge, which in China have always been found quite sufficient for the entire suppression of the practice, was never put in force at all from the time of its enactment until that of its repeal; (2), that in some respects the first Ordinance relating to gambling was so ill planned as to make it difficult for any prosecutor to obtain a conviction; (3), that the present governor has reported that when he came to the colony two years ago, the local police were the least effective and most corrupt body of police whom he had ever seen; (4), that their pay being very scanty and the normal part of the informer in the mulcts levied on gamblers not being allowed to police informers at Hong Kong, they were the more open to the bribes which the gambling houses offered; and (5), that within the last few months the governor has also reported a valuable improvement in the "energy and morals" of the police, attributing thereto a great part in the downfall of the cognate crime to gambling at Hong Kong, the crime of piracy, an event so long despaired of by the same authorities; and if these things be so, your memorialists submit that it cannot be said that the local authorities have as yet exhausted the direct means at their disposal for the suppression of gambling also, or shown that there is any reason for departing in that regard from the hitherto received principles of all penal jurisprudence.

10. They cannot conclude these last observations without deploring that the Queen's sanction was ever given to the two precedents which appear to be relied on in favour of the gambling farm, that is to say the Brothels Licenses Act of 1857,* and the Opium Shops Farm of 1858, measures to which the objections are so patent as to need no exposition here; and they are pained to see that the great spread during the year 1867 of the debauchery, or as it is called "the trade of the opium farm" is even made a subject of gratulation in the Registrar-General's Report for that year already cited.†

11. For they cannot forget that the main argument by which, in 1842, the permanent retention and plantation of Hong Kong were recommended and justified by Sir John Davies and Sir Henry Pottinger was "that its free and noble institutions would stand one day as a model whereby to work the regeneration of the Chinese Empire," words to which these untoward measures are so far from responding that, when compared with the higher morality of the Chinese laws and their successful vindication (as of late at Canton) they seem rather to invite the Chinese people to reverse the position and to offer their institutions to stand as models for the regeneration of the Colony of Hong Kong.

They respectfully request your Grace to take the matters of this memorial into your early consideration, and by advising Her Majesty to disallow the present measures of her representatives in either hemisphere, put an immediate stop to the existing evils, and discourage and prevent the renewal of such experiments for the time to come in any part of Her dominions.

And your Grace's memorialists will ever pray.

G. W. HASTINGS,
Honorary Secretary.

* "Ordinance (No. 10 of 1857) for checking the spread of venereal disease."

† "Ordinance (No. 2 of 1858) for licensing and regulating the sale of prepared opium."

‡ Notifications, Reports, and Minutes of Council &c., in the Hong Kong "Government Gazette" of the 23d of March, 8th, 15th, and 22d of May, 5th and 19th of June, and 17th July.

FURTHER CORRESPONDENCE

No. 2.

No. 2.

COPY of a LETTER from Sir F. ROGERS, Bart., to G. W. HASTINGS, Esq.

SIR,

Downing Street, August 19, 1868.

* Page 84. I AM directed by the Duke of Buckingham and Chandos to acknowledge the receipt of your letter of the 1st instant,* forwarding a memorial prepared by the Standing Committee for India and the Colonies of the National Association for the Promotion of Social Science, regarding the licensing of gaming houses in Hong Kong and Heligoland.

I am, &c.

To G. W. Hastings, Esq.

FREDERIC ROGERS.

No. 3.

No. 3.

COPY of a LETTER from JAMES ROBINSON, Esq., to his Grace the Duke of BUCKINGHAM AND CHANDOS.

National Association for the Promotion of Social Science,
MY LORD DUKE, 1, Adam Street, Adelphi, W.C., September 18, 1868.

* Page 84. I AM directed by the Council to forward to your Grace the enclosed copy of a correspondence between Mr. Y. J. Murrow, of Hong Kong (now in this country), and Mr. J. C. Whyte, formerly chief magistrate at Hong Kong (also now in this country), relative to the subject of the memorial presented to your Grace by the Standing Committee of the Association in India and the Colonies, on the 1st of August last,* concerning gambling farms at Hong Kong.

I have, &c.

His Grace the Duke of Buckingham and Chandos,
&c. &c. &c.

JAMES ROBINSON,
Assistant Secretary.

Encl. in No. 3.

Enclosure in No. 3.

MY DEAR SIR,

12, Tavistock Crescent, Westbourne Park, W., 31st August 1868.

I SEEK to recall your recollection to a case which came before you about three years ago, when sitting as chief magistrate in Hong Kong. In so far as my memory serves me, the following is a faithful report, as far as it goes, of what took place.

I charged a Chinaman, who was my cook and butler, with gambling. I deposed that during the previous night I heard a noise as of many voices in the large servants' room of the Daily Press Office—that I proceeded quietly to the scene—that I there saw a large table arranged, and a number of Chinamen gambling thereat, some of them being strangers, and others men belonging to the establishment—and that the accused was acting as croupier.

You at once expressed your regret that the charge would not lie. I evinced surprise, when you asked me if my house were a gambling house. I replied, Certainly not, that it was the office of the "Daily Press." Then said you, holding out the book before you, "see for yourself, the Ordinance only refers to gambling houses." I begged to accept your reading of the law, expressing myself astonished, when you uttered words to the following tenor and effect. That peas could be blown through the Ordinance, or a coach-and-six driven through, or some such household word; that the Ordinance was more adapted to encourage gambling than to suppress it; and that its defects had been pointed out to the Government time and again, but in vain.

I may add that you fined the accused in the full penalty for bringing strangers to the house during night time.

May I ask you to state how far my memory serves me rightly in this matter to the best of your remembrance, or otherwise, how far I am wrong. I am sure I study veracity as much as in me lies, and I know of no other way of testing my statement respecting this matter, than by a reference to your good self.

With best wishes for your health and prosperity, I remain, &c.

To J. C. Whyte, Esq.,
Stephen Green Club, Dublin.

Y. J. MURROW.

Copy of Mr. Whyte's reply.

MY DEAR SIR,

Inch House, Borrisoleigh, County Tipperary, September 3d, 1868.

YOUR letter of August 31st has been forwarded to me from Dublin. I distinctly remember the case to which the [sic] refer, and I think you have accurately stated its particulars. I recollect that from the interpretation I felt compelled to put upon the Ordinance relating to gambling, I found myself unable to punish as severely as I thought his offence deserved, the man against whom you brought the charge, and it is very probable that I made use of some such expression as you mention. I cannot, however, at this distance of time, recal the exact words I used, nor do I remember having ever formally drawn the attention of the Government to the defects of the law against gambling.

Like most of the early Ordinances of Hong Kong, that relating to gambling, which was passed within a few years after the foundation of the Colony, was very slovenly and inartistically drawn, and caused no inconsiderable trouble in its interpretation.

I hope you and your family are all well. I have derived great benefit from my run home, and I hope to leave early in November for Hong Kong, returning viâ Bombay. If I can do anything for you I shall be glad to be of service; a letter addressed to Stephen Green Club will always reach me.

(Signed) JOHN C. WHYTE.

To Y. J. Murrow, Esq.,
12, Tavistock Crescent, Westbourne Park.

No. 4.

No. 4.

To the Right Hon. The Earl GRANVILLE, K.G., Her Majesty's Principal Secretary of State for the Colonies.

The Memorial of the Standing Committee for India and the Colonies of the National Association for the Promotion of Social Science.

Showeth—

That on the first August last the memorial against the granting of farms of gambling houses by certain parties at Heligoland and Hong Kong, of which a copy is now enclosed, was presented to your Lordship's predecessor, the Duke of Buckingham and Chandos, by your memorialists, and in the course of the same month they received from his Grace, under date the 19th August, a simple acknowledgment that he had received it.

2. No further communication has been received from your Lordship's department on the subject of that memorial, nor have your memorialists been as yet favoured with even an acknowledgment of either of their two subsequent communications to your predecessor, the one in the same month of August transmitting a printed copy of their memorial in which some omissions of marginal references were supplied, and the other in the ensuing month of September transmitting copies of a then recent correspondence between a gentleman from Hong Kong, from whom they had obtained them, and Mr. Whyte, the late chief magistrate of police at Hong Kong, in confirmation of the former statements of your memorialists as to the true causes of the failure of criminal justice at Hong Kong in the matter of the offences of gambling and keeping of gambling tables, and in illustration of the official documents so largely referred to by them in their former memorial, upon that portion of the subject.

3. This prolonged silence on the part of the late Secretary of State with respect to their memorial and its prayer is by no means their gravest subject of complaint to your Lordship. Within the last few days your memorialists having learned, to their exceeding surprise, from an English newspaper, that an official letter to their secretary from the Government of Hong Kong was in circulation here, and having, through personal application to a proprietor of an Overland miscellany ("The London and China Telegraph,") obtained for the first time a perusal of the document in question, as published in his number of the 7th ultimo, have now to represent to your Lordship on the authority of that gentleman (Mr. Wright, of No. 2, Cowper's-court, Cornhill), that he received it about the end of last November from the Hong Kong authorities in a printed form for publication here, that it must have been privately printed, for in none of the Hong Kong or China newspapers hitherto received is there any allusion to the fact of such a document being in existence or intended to be; and above all that, although it bears date "October 20th, 1868," and the signature of the Colonial Secretary of Hong Kong, and (purporting, as it does, to have been sent by command of the Governor) ought to have been sent to its destination, along with the despatches of the Governor to Europe; nevertheless neither the original itself nor any copy or notice of it has been as yet received by the gentleman to whom, if the accompanying copy from "The London and China Telegraph" be correct, the document (or as it is there called the "Despatch") in question purports to be addressed. They enclose the copy so obtained.

Extract from
"London and
China Tele-
graph" of 7th
December
1868 (not
printed).

4. So far as your memorialists have been able to learn, the other officers and members generally of their association have hitherto been kept in the same ignorance on the subject of the so-called "despatch" or letter with themselves, whose only means of knowledge consist, as yet, in the alleged copy of it which accompanies the present memorial, and which was not procured by them until last week.

5. If it were necessary to enlarge upon the apparent impropriety of the above proceedings of the Hong Kong Government, your memorialists might justly advert to

the fact that, as stated in the final paragraph of the "despatch" or letter in question, the main, if not the only, object of sending it at all was to obtain the reparation, nay, the immediate reparation, there demanded for one misrepresentation of fact alleged to be contained in their former memorial, and insisted upon by the Hong Kong Government, not only in that paragraph but also in the first eleven paragraphs of that so-called "despatch."

6. It is very obvious that a demand of that nature ought not for a moment to have been withheld by the authorities making it from the persons on whom they professed to make it; and that, by being kept so long in the dark as to the existence of such a demand, the latter are at this moment obnoxious to the very serious misconstructions of the public in respect of their long and unexplained reticence in the presence of such a demand.

7. It is equally obvious that the non-publication at Hong Kong of a document meant for instantaneous publication here, and the entire ignorance of the community there of the very existence of such a document, must have again prevented the expression on its part of any dissent from the views signified by his Excellency in the "despatch" or letter in question, and in more than one paragraph strangely represented to be in entire conformity, as those signified on a former occasion were also said to be, with the views of the community in general and of every person who has ever resided in China.

8. Your memorialists do not doubt that this method of suppressing in the Colony, and also from your memorialists, and at the same time publishing to the world, a paper which contains, at the same time with a demand of satisfaction of personal honour, the pretended reply to the main articles of accusation against the Local Government presented by the late memorial, will be regarded by your Lordship neither as regular in respect to the traditions of your department, nor as satisfactory in itself, nor yet as compensatory for the very extraordinary silence which, with regard to their well-founded and respectful complaints of Colonial mal-administration, your predecessor appears to have considered it to have been his duty to pursue.

9. Into the possible reasons which may hereafter be alleged in palliation, if not in defence, of the proceedings of which they complain, they do not pretend to enter. It is very possible that their endeavours to conjecture those reasons might be misguided, and therefore thrown away. They have also now the satisfaction to think that they can better attain the information which they seek upon that part of the case by asking your Lordship to afford it.

10. Before they conclude, your memorialists desire to add to their former, and as yet altogether unanswered memorial, a few remarks upon the pretended reply to it, which is offered by the accompanying copy, if, indeed, it be genuine, of the so called "despatch" or letter of "October 20th, 1868."

* Printed copy of the Financial Statement of the Governor of Hong Kong, read in Legislative Council the 3d October 1868 (not re-printed).

11. In the first place they draw the attention of your Lordship to the fact that the "Appendix" to which the paper in question professes to refer as evidence of the truth of its statements, has been excluded from the printed copy sent; an omission of some significance, because the Governor's accompanying "Financial Statement for 1869,"* of which that supposed "Appendix" is there stated to contain extracts, and which had reached the hands of your memorialists through quite another channel, so far from supporting the statements in question, furnishes the strongest proofs of their inaccuracy and of the futility of the arguments founded upon them, by which the Hong Kong Government pretend to impeach the truth and justice of the original complaint of your memorialists upon one point: viz., that the measures of that Government for the licensing of public gambling houses amongst the Chinese of Hong Kong, through a Government farmer of licenses, for fees and rewards received by Government, is open not only to the more obvious reproach of being altogether at variance with morality and policy, but also to the particular reproach of being intended as a means of swelling the Colonial revenue and diminishing Imperial expenditure upon local establishments. For, in that State Paper, addressed to his Legislative Council, the Governor of Hong Kong no longer, as in 1867-8, affects to set apart the monies received from such a source as not properly belonging to local revenue nor applicable to local purposes, but now, at least, claims to deal with them as part of that revenue, and to apply them to those purposes, and this too in aid of an ordinary revenue which, according to the same statement, is very largely in excess of the expenditure of 1867. They also observe with surprise and regret, that this change of policy is justified in the same State Paper on the ground that his Excellency had been recently empowered by your Lordship's predecessor to effect it.

12. Nevertheless, if the alleged "despatch" or letter be a genuine document, your memorialists are now challenged to retract their original statements on that head, and in the form at least in which they are worded. And, to give colour to the demand, an

issue, altogether immaterial, is attempted to be raised upon the word "highest" occurring in one solitary passage of their former memorial (viz., that the gambling houses farm "had been granted to the highest bidder.") It must seem to your Lordship, as it does to your memorialists, that the reproach to which this challenge refers consisted in the creation of such a farm and in the putting it up for sale at all, whatsoever may have been the other conditions on which the acceptance of the bid at such sale was made to depend. If, therefore, their former memorial had incorrectly stated the effect of the proceedings of the Hong Kong Government, in a particular so irrelevant to the gist of their complaint, to take exception to it upon that ground would be altogether beside the question; and, if taken, equally idle for your memorialists to accept the discussion. But they do not admit that their former statements on this head, when read with the context, are open even to that extent, to the charge of inaccuracy. The Government of Hong Kong do not venture to say that the "offer" of "upwards of 300,000 dollars" was made by a "bidder" (indeed the vagueness of an offer so worded precludes the supposition of that being the case) and the fact (if it be one) that the Government was contented to accept a lower bid (with good security for punctual payment or permanent continuance—than they might otherwise have gotten,) is perfectly consistent with the fact that the bidding accepted upon such conditions was according to the ordinary acceptation the "highest." Yet this is the issue, the establishment of which, as the "despatch" or letter expressly states in its last paragraph, is the one single object to which the whole of that pretended reply to the former memorial is devoted.

13. Your memorialists do not feel that they are called upon to re-state the facts and proofs upon which that memorial was founded, and of which none are refuted—nor, except by an occasional denial, so much as noticed—by the "despatch" or letter in question, whilst the silence of the Governor as to many of them would seem to confess them to be true. They can afford to pass by the repeated yet unfounded assumption that their committee consists of persons not one of whom has ever resided in China or Hong Kong, or who have had any means of becoming practically acquainted with the doings of the Hong Kong Government. It is the stereotyped objection in such cases, although an often refuted one, and it will be difficult to persuade your lordship that the great traditions upon which the colonial empire of England was planted (and to which, according to the as yet unfulfilled prognostics of the founders of Hong Kong, as quoted in the former memorial, the laws, government, and policy of that Colony were to be especially adopted as an example to the neighbouring empire,) are out of place in the present discussion or are not binding upon the present Government of that Colony, or that any objections to its proceedings which may be based upon those traditions ought to be considered as open to disparagement on the part of that Government as "the mere sentimental objections" of "well-meaning persons" in England, "ignorant of the circumstances which have produced and which justify a policy" (paragraph 24,) so little to be defended upon principle, (as it is at the same time confessed,) that, but for his local experience, the Governor himself would have subscribed a similar remonstrance, and applauded himself for subscribing it (paragraph 12).

14. Your memorialists see no reason to qualify in the least the adherence which they now express to the statements of their former memorial. They trust that by your Lordship at least it will be now considered, and, in considering it, that due weight will be given to the important evidence to which its marginal references will direct your Lordship. But to one of those proofs they may now not unprofitably make particular reference, seeing that the "despatch" or letter before them contains the broad, although unsupported assertion, that the increase of gambling at Hong Kong in time past was not due to any defect in the law, or any supineness on the part of the local authorities.

15. The Despatch of Governor Sir Hercules Robinson of the sixteenth December one thousand eight hundred and sixty-one (transmitting copy of the "minutes" of that "inquiry" into the conduct of the Registrar-General of Hong Kong and "Protector-General of Chinese," Mr. Caldwell, J.P., which had then recently ended in the conviction and dismissal of that magistrate,) is the document to which your memorialists refer. If, as has been stated, the grant of the gambling houses farm has been in any way negotiated or conducted with or through that person, the document acquires a new and painful interest in its bearing on this question. But it has in any case an importance of its own; for it clearly proves not only the non-execution of the Ordinance of Hong Kong, and the other laws against gambling, but also the connivance of the one particular subordinate to whom the Government would naturally have looked for the practical fulfilment of their own duty in that respect. The paragraphs above cited in

Parliamentary Papers, (Commons 427 of 1862), paragraphs 12, 13. Compare also paragraphs 1, 11, and 15-20, pp. 3-21.

See last note.

the margin show what, in Governor Sir Hercules Robinson's judgment, had been ascertained by the Commission of Inquiry on the following points.

16. Mr. Caldwell and a Chinaman, one Machow Wong, were, from a period very soon after the beginning of the Colony, two of its inhabitants. They were partners in piratical ships, and other disreputable adventures. Mr. Caldwell had placed his "great influence and power" as a principal subordinate of Government at his partner's "disposal." This lasted until the latter was convicted of piracy, and transported, in September one thousand eight hundred and fifty-seven. Mr. Caldwell retained all his power as sole magistrate, or "Protector-General of the Chinese," until the twenty-fourth September one thousand eight hundred and sixty-one, when he was dismissed from all his offices upon proof of his above-stated connexions with Machow Wong. During the whole of the time of their partnership "pirates and other ruffians" (resorting to the Island) were "provided with professional assistance" when charged with "offences against the law." "Complainants or witnesses were intimidated," and "the great influence" which the Chinese confederate possessed through the English confederate was so exercised as "frequently to obstruct or pervert the course of justice." In addition to those instances of the guilty practices of Machow Wong, his Excellency particularly describes him as "an extortioner, a recipient of bribes from gambling houses, a confederate of pirates, and a receiver of stolen goods," and adds, that "Chinese of standing and property would not appear against him, as they said they were in terror of their lives on account of him."

17. This striking illustration of the rest of the evidence on that part of the case will be better appreciated if your memorialists remind your Lordship that only four years had elapsed from Mr. Caldwell's fall, when the first draught of the Gambling Houses Ordinance was laid before the Legislative Council, and that the only Ordinance then in force for the proposed prevention of the crime of gambling was the original Ordinance of 1844, whose lamentable defects and errors had always been notorious.

Your memorialists most respectfully request your Lordship to take both their memorials into your consideration, and to allow them the honour of an interview with your Lordship, for the purpose of explaining and enforcing their statements and complaints.

And your memorialists will ever pray, &c.

EDWIN PEARS,
General Secretary.

No. 5.

No. 5.

Copy of a LETTER from EDWIN PEARS, Esq., to the EARL GRANVILLE, K.G.

National Association for the Promotion of Social Science,
with which is united the Law Amendment Society,

MY LORD,

January 14, 1869.

ON behalf of the Council I beg to apply for the answer or a copy of the answer by the Governor of Hong Kong to a memorial addressed to your predecessor by the Standing Committee of this Association on India and the Colonies, in reference to gambling farms in Hong Kong. The reply in question, though addressed to G. W. Hastings, Esq., the chairman of the Council of this Association, has not been received by Mr. Hastings, although considerable portions of it have found their way into the public press.

At the same time may I request a copy of all the correspondence which has taken place between Mr. Murrow and Mr. Whyte, formerly chief magistrate of Hong Kong, and which was inadvertently forwarded from this office before a copy had been taken.

I remain, &c.

(Signed) EDWIN PEARS,
General Secretary.

The Right Hon. Earl Granville, K.G.,
Secretary of State for the Colonies.

No. 6.

No. 6.

COPY of a LETTER from Sir F. R. SANDFORD to the SECRETARY to the NATIONAL ASSOCIATION FOR THE PROMOTION OF SOCIAL SCIENCE.

SIR,

Downing Street, February 4, 1869.

I AM directed by Earl Granville to acknowledge the receipt of your letter of the 14th January,* and of the memorial from the National Association for the Promotion of Social Science on the subject of licensed gambling in Hong Kong, and of the answer by Sir R. MacDonnell to a former memorial on the same subject, which has obtained publicity in an English newspaper, but which has not been communicated to you.

* Page 90.

I am to inform you that the Governor's answer to the association was forwarded to the Duke of Buckingham, with the expression of a hope that his Grace would not object to its being sent to its destination. His Grace, however, did not think it proper that it should be forwarded, considering that although the Governor might properly defend himself and his Government from accusations made officially or in Parliament, it was hardly necessary to do so in the case of addresses of a private society, and a communication to that effect was made to the Governor.

Lord Granville regrets that the Governor's letter should have been published, and considers it by no means desirable that a Secretary of State should take part in the discussions to which it appears to be leading.

While, however, Lord Granville is wholly averse to useless controversy, he is fully alive to the importance of the question with which Sir R. MacDonnell has had to deal, and to which the committee refer. That subject has already received, and will continue to receive, his most anxious consideration.

As Sir R. MacDonnell's reply has obtained publicity, he feels no difficulty in now forwarding to you the copy originally intended for the National Association by him.†

I am to add that if a deputation from the association should wish to see Lord Granville he will be happy to receive the members on Saturday next at 1 o'clock, and any person who may choose to call at this office on behalf of the society will be allowed to copy the letters referred to in your communication of the 14th January.

† Governor,
No. 598.
20th Oct. 1868.
Page 19.

I have, &c.

(Signed) F. R. SANDFORD.

The Secretary to the National Association
for the Promotion of Social Science.

No. 7.

No. 7.

COPY of a LETTER from EDWIN PEARS, Esq., to the Earl GRANVILLE, K.G.

National Association for the Promotion of Social Science,
with which is united the Law Amendment Society,

April 16, 1869.

MY LORD,

I AM directed by the Standing Committee on India and the Colonies to submit to your Lordship the annexed extract from the "Overland China Mail" of the 23d February last, which was received by the last post from Hong Kong, and very respectfully to ask your Lordship to consider it in connexion with paragraphs 15, 16, and 17 of their memorial presented in January. If the report contained in that extract be correct, and they are assured upon inquiry that there is no doubt of its correctness, then their worst apprehensions as to the fact of Mr. Daniel Richard Caldwell's being once more in the confidence and employment of the Hong Kong Government are more than justified. His connexion with the gambling farmers by whom the prosecution of Chinamen (for murder) is promoted, his "watching the case on the same behalf" with the Crown solicitor, viz., the Crown's behalf, and the irregularities in the getting up of the evidence for prosecution so strongly yet so vainly disapproved by the chief police magistrate (the same Mr. May whose services in bringing Caldwell's malpractices in suborning of witnesses were acknowledged in the Despatches referred to in the above paragraphs of the memorial) will not, they feel assured, escape your Lordship's animadversion.

They respectfully ask your Lordship to direct that their present communication may be added to their memorial, and considered as supplemental thereto.

I have, &c.
(Signed) EDWIN PEARS,
General Secretary.

The Right Hon. Earl Graville, K.G.,
Colonial Office.

Encl. in No. 7.

Enclosure in No. 7.

ANNEX above referred to.

The Holworthy Murder.

The three Chinese (Cheong Alum, Wong Akee, and Lo Achoy) now in custody on a charge of having been concerned in the murder of Mr. W. W. Holworthy, at the Victoria Gap, were brought up on remand on the 19th. Mr. Hazeland, Crown solicitor, appeared for the prosecution; and Dr. R. Caldwell watched the case on the same behalf.

Loo Tuck Yan was the first prisoner called, and having been cautioned, he stated that he was formerly a gambling man, but now was out of employment.

Mr. Hazeland remarked that the evidence to be produced to-day would be chiefly of conversations had with the prisoners.

Witness continued: He has knowledge of the prisoners, having met the first and second on the 25th January, near the monument at Wanchi, under the trees. The second prisoner he has known as a gambler for some time, for several years; he knew him also as a thief, who made money by robbery, umbrella snatching, &c., and then came to gamble with the proceeds. The third prisoner he knows by having seen him at the gambling places. He was known as the "great blackguard." About noon on the 25th ultimo, he saw the two prisoners (1st and 2nd) near the Wanchai Market; they were quarrelling, he (witness) had a friend with him, named Wong Achun.

Mr. Hazeland objected that minute questions irrelevant to the case should not be put by the magistrate, as they would never appear as evidence before the Supreme Court, it was mere waste of time.

Mr. May remarked that it might appear a waste of time, but in a case so important he intended to test the statements made by those witnesses in every possible way.

The Crown Solicitor said that the questions put were all for the defence, and it certainly was not for the magistrate specially to look after the prisoners' defence. As for the prosecution, that was represented.

Mr. May again stated that the prisoners were not defended, and that if Mr. Hazeland, as representing the Crown, put all the questions for the prosecution, he would take care to do so for the case, not for the defence. This had been the course he had pursued in many hundreds of similar cases, and he was sure that the Attorney General would be very glad of all the information relative to the statements of the witnesses.

The evidence was then continued. Witness asked the prisoners what the quarrel was about, when the second prisoner told him "we three men made a watch yesterday, and are going to divide the money to-day"—meaning that they had stolen one. They also had a bank note and broken silver about them. Second prisoner said that a dollar was the cause of the dispute; second prisoner wished a dollar and five mace more than his share, and first prisoner would not let him have it. Witness then asked for two or three dollars "to drink tea," on the score that the prisoners had been making a fortune; upon which first prisoner began to use abusive language, and said, "I have risked my life to get the money; why should I give it to you?" The second prisoner said that the third man had got one-half and they (1st and 2nd) had got the other half, and that the quarrel rose over the \$1, 5 mace, on their division. First prisoner, in reply to witness's request for tea-money, said, "It is all very well for you asking money; the second prisoner was seized by the foreigner, and his life was as cold as water (meaning that he was in great danger), when Tai-loong-ka (3rd prisoner) saved him." Further, second prisoner said that the watch robbery could not have been done in the street, but that it was fortunately on the hill. Witness then got the dollar 5 mace about which the dispute had arisen. Second prisoner further told witness that Tai-loong-ka had got half of the money, together with the chain (which he had not divided), and then advised witness to go to him for some money. Witness then went away. On seeing next day the notices offering a \$500 reward, he went to Mr. Caldwell.

The witness then narrated the various steps taken towards the arrest of the prisoners—two in Hong Kong, and the third in Macao.

Wong Achun, the companion of the previous witness, narrated the circumstances and conversation in almost exactly the same tenor and even detail as the first witness. The only disparity appeared to be that this witness put it that the Macao man (nick-named Tai-loong-ka) had kept the chain to himself and said that there was no chain at all.

Show Achune was a street gambler in Hong Kong, and is now unemployed. He knows nothing of the first and second prisoners; he only knows the third man (Tai-loong-ka), who was occasionally hired by witness's father, who is head coolie of a barracoon. On the 26th January, about 9 o'clock, witness was at this barracoon in Macao, when third prisoner came to him and said that he had made several tens of dollars at Hong Kong, and had lost it by gambling. Witness replied "You can't make any money here; you had better go back to Hong Kong. I am going to Hong Kong to-morrow." To which third prisoner said, "If you hear of any reward being offered for me, you come and tell me, and I will go away to some other place." Witness asked how he had made the money; to which the third prisoner replied that he and the other men had robbed a foreigner on the hill; he had thrown a stone

at the foreigner, which was evaded by the foreigner; and then picked up another stone and throwing it at the foreigner wounded him in the head. One of the others then snatched the foreigner's watch; when the foreigner seized one of the other men, and held him so hard that he was nearly dead. Seeing this, third prisoner seized hold of a mat-packer's iron, and beat the foreigner until he could not speak. They then took the watch, but did not search the foreigner's person, as he was afraid.

Witness then told third prisoner that he was going to Hong Kong next day, and would see what was done in the matter of a reward. Coming down from Macao per steamer on 27th January, he went to Mr. Caldwell's informer after supper to pay him a visit.

Mr. May here asked where this informer lived.

Mr. Hazeland said that he objected to the house being given; the name (mention of which he had previously objected to) might as well be given.

Mr. May asked if it was not a farce to suppose that this man, whom all connected with the case must be acquainted with, should be imperilled in any way by appearing in the case. It was absurd to suppose so.

Mr. Hazeland replied that he never had said anything about that; he objected to the name or the house of the informer being given at this stage, as it might have a prejudicial effect upon the case.

Mr. May said he would do what he considered was essential to get at the truth of the matter; and he would send a subpoena for this man this very night, so that he might obtain his evidence.

Mr. Hazeland remarked that he was unable to prevent his Worship from doing anything he thought fit regarding the matter; but he certainly would not remain in the conduct of the case if this informer was brought into court at present.

Mr. May answered that if Mr. H., who conducted the case for the prosecution, put the matter in so strong a light as prejudicial to the interests of justice, he would withhold the steps he would otherwise have taken. But were he conducting the prosecution, he would most certainly have brought this informer into court. Did Mr. H. wish to test the truth of the witness?

Mr. Hazeland: Most certainly I do.

Mr. May: Then it is essential that this man should be here.

Mr. Hazeland submitted that the informer, even if placed in the box, could not do more than answer one or two questions, and further, that the prosecution—meaning his Worship, the speaker, or any one else—had no power to bring or call one witness to impeach the credit of a previous witness. He could produce the Ordinance which clearly laid that down.

The evidence was then continued, and the witness narrated what was done between him and Mr. Caldwell. Third prisoner was arrested on the waterside (Inner Harbour) of Macao. He saw the first prisoner arrested here in Hong Kong.

Prisoners asked several questions; but throughout, no one question was put to any of the witnesses which would throw the slightest light upon what line of defence was meant to be followed by the prisoners.

After some further remarks regarding the advisability of producing the informant, the case was adjourned to Tuesday next, at 2 p.m.

No. 8.

No. 8.

COPY of a LETTER from Sir F. R. SANDFORD to the SECRETARY to the NATIONAL ASSOCIATION FOR THE PROMOTION OF SOCIAL SCIENCE.

SIR,

Downing Street, May 6, 1869.

I AM directed by Earl Granville to acknowledge the receipt of your letter of the 16th April,* enclosing an extract from the China Mail of the 23d February, in reference to the trial of the prisoners charged with being concerned in the murder, at Victoria Gap, of Mr. W. Holworthy.

* Page 91.

I have, &c.
(Signed) F. R. SANDFORD.

The Secretary to the National Association
for the Promotion of Social Science.

HONG KONG (GAMBLING HOUSES).

COPY of CORRESPONDENCE, MEMORIALS, RE-
PLIES to MEMORIALS, and PAPERS relating
to the ORDINANCES of the LEGISLATIVE
COUNCIL of HONG KONG, whereby a Govern-
ment Farm of GAMBLING HOUSES has been
created in that Colony, or relating to the
REVENUE derived or to be derived from the
same, and the appropriation of such Revenue,

(*Colonel Sykes.*)

*Ordered, by the House of Commons, to be Printed,
9 August 1869.*

[*Price 1s.*]

HONG KONG (GAMBLING HOUSES).

RETURN to an Address of the Honourable The House of Commons,
dated 31 March 1871;—for,

“ COPY of further CORRESPONDENCE, MEMORIALS, REPLIES to MEMORIALS, and
DESPATCHES or EXTRACTS relating to the GAMBLING HOUSE LICENCE SYSTEM
in HONG KONG (in continuation of Parliamentary Paper, No. 409, of Session
1868-9).”

Colonial Office, }
24 July 1871. }

E. H. KNATCHBULL-HUGESSEN.

(*Mr. Bowring.*)

Ordered, by The House of Commons, to be Printed,
24 July 1871.

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COPY of further CORRESPONDENCE, MEMORIALS, REPLIES to MEMORIALS, and DESPATCHES or EXTRACTS relating to the GAMBLING HOUSE LICENSE SYSTEM in HONG KONG (in continuation of Parliamentary Paper, No. 409, of Session 1868-9).

— No. 1. —

(No. 793.)

COPY of a DESPATCH from Governor Sir *R. G. MacDonnell*, C.B., to the Earl *Granville*, K.G..

Government House, Hong Kong,
15 September 1869.

(Received, 8 Nov. 1869.)

(Answered, No. 4, 7 January 1870, page 12.)

No. 1.
Governor Sir *R. G. MacDonnell*, C.B.,
to Earl *Granville*, K.G.
15 Sept. 1869.

My Lord,

IN reference to the correspondence which has taken place at various times relative to the fund arising from the license fees from gaming houses, and particularly in connection with my Despatch, No. 744*, of the 7th July last, and its enclosures, I think it expedient now to transmit to your Lordship a full statement of the Colony's account with that fund, showing the sums which I consider chargeable to it from the commencement to the present date, and also the sums which I estimate as likely to be taken from it with your Lordship's sanction to the end of December next, leaving a probable balance of \$146,083. 30. then due to that fund.

* *Vide* House of Commons Paper, No. 409 of 1869, page 59.

Enclosure, No. 1.

2. Your Lordship, I am sure, will bear in mind that in the present state of the question, and whilst even the general principles applicable to the disposal of any part of that fund are still under discussion, it is not easy, when called on to arrange details that are at once novel and experimental, to deal suddenly with each of them in such a manner, however desirous I may be of doing so, as will exactly meet the views of another in a distant country, and with whom there has been but very limited communication on the subject.

3. I have great confidence, however, in the two main principles which have guided me, namely, that the special fund is not to be used by the Colony except for police purposes to suppress crime, corruption, and gaming, and, secondly, as suggested by myself, for the purpose of benefiting specially the Chinese, whose unfortunate propensities make them the sole contributors to the fund.

4. As the Estimates for 1870 are now ready, and, indeed, would have been laid before the Legislative Council last week but for the arrival and departure of several mails rendering an adjournment necessary, it is unavoidable that I should give some public explanation of the dealings already had and intended to be had hereafter with the special fund. As I can give only the one explanation of the same subject, it occurs to me that I cannot place that explanation more simply or more completely before your Lordship than by transmitting an extract from the Financial Statement, which I intend to make at the next meeting of Council, fixed for the 17th instant.

Enclosure, No. 2.†

5. I have not finally revised the enclosed extract, but shall be disappointed if I find that it expresses any views concerning the license fund not in harmony with those entertained by your Lordship.

6. As the general principles which should guide the Executive here in all their dealings with that fund are more important than the details by which it is attempted to give effect to those principles, and as almost all the details in the enclosed statement of the Colony's account with the special fund carry with them an

† The Financial Statement as made to the Council is printed instead of the extract transmitted in this Despatch.

7. I, nevertheless, think it desirable to allude to one item (the meaning of which is less apparent) under Estimated Expenditure of 1869, viz., the payment of 10,000 dollars in aid of the Harbour Master's Establishment. This is intended to reimburse the Colony for the loss of revenue by the abolition of some fees and the diminution of others, which were previously exacted under the Harbour and Coasts Ordinance of 1866. These fees were entirely payable by the Chinese, and no doubt they were felt as a hardship, but the large increase of the Harbour Establishment for the purpose of searching, registering, and visiting more than 30,000 junks in the course of the year, to prevent piracy and crime, had rendered the Harbour Establishment far more costly than its mere ordinary duties would have justified.

9. In a similar way, I have considered that a large proportion of the improvements in the gaol and the new quarters, now under construction for the turnkeys and staff, would not have been undertaken, unless it had been supposed that the accumulation of the license fund could have been partially available for the purpose, as the object, though useful, was one not of extreme necessity, and was such as the limited ordinary means of the Colony would have deterred this Government from commencing without assistance.

I have, &c.
(signed) *Richard Graves MacDonnell,*
Governor.

THE SPECIAL FUND ACCOUNT.

Dr.		Cr.	
RECEIPTS, 1867:		EXPENDITURE, 1867:	
	\$.		\$.
Playhouse license - - - - -	76,000 -	Excess of police in 1867 - - - - -	162,770 28
		Over 1866 - - - - -	121,279 11
		Balance - - - - -	
	\$.		\$.
	76,000 -		41,491 17
			34,508 83
			76,000 -
RECEIPTS, 1868:		EXPENDITURE, 1868:	
	\$.		\$.
Balance to credit, 31st December 1867 -	34,508 83	Excess of police in 1868 - - - - -	173,148 22
Playhouse license - - - - -	191,166 66	Over 1866 - - - - -	121,279 11
		First instalment of "Victoria" - - - - -	
		Supervision for building ditto - - - - -	
		Police stations - - - - -	
		Education, Supplementary estimate - - - - -	
		Alterations and additions to central school, ditto - - - - -	
		Balance - - - - -	
	\$.		\$.
	225,675 49		51,869 11
			4,500 -
			55 33
			5,482 67
			202 82
			3,500 -
			160,065 56
			225,675 49

GAMBLING HOUSES IN HONG KONG.

3

THE SPECIAL FUND ACCOUNT—continued.

Dr.		Cr.	
RECEIPTS, 1869:		\$.	c.
Balance to credit, 31st December 1868	-	160,065	56
Playhouse license, to 15th July 1869	-	100,000	02
Ditto - ditto - July to 15 August 1869	-	15,000	-
Ditto - ditto - August to 15 Sept. 1869	-	15,000	-

15 September 1869.

J. Gardiner Austin,
Auditor General.

PAPERS RELATING TO

Enclosure 2, in No. 1.

Encl. 2, in No. 1. FINANCIAL STATEMENT, 1869.—By His Excellency Sir *Richard Graves MacDonnell*, C.B.,
17 September, 1869.

1. VARIOUS circumstances, but principally the illness and subsequent departure of the Auditor General, Mr. Rennie, caused the Supplemental Estimates for last year to be so long delayed that, I find myself now laying them before you simultaneously with the Estimates for 1870. Probably no immediate disadvantage attends this exceptional delay for once. On the contrary, you may perhaps feel enabled thereby to take a more complete survey of the whole financial position of the Colony by noting at the same time the actual results of the previous year's expenditure, and the provision necessary for the requirements of the ensuing year.

2. The supplemental sum actually required to defray the Government expenses during 1868 is only 37,191 dollars. Of that sum several items, such as the cost of the Fire Brigade and the Passage Allowances of the Mint Officials had their origin in necessities wholly arising subsequent to framing the Estimates for 1868, and when it was not possible or at least would have been very inconvenient to have summoned you to meet merely to pass a vote for expenses as to which there could be no difference of opinion.

3. On the other hand you will find that there was a large saving of 77,985 dollars in the actual total expenditure of 1868 including the 37,000 dollars now to be voted, because that expenditure was only 991,310 dollars, whereas it had been estimated to amount to 1,069,296 dollars. You must remember, however, that the sums received from Gaming Licenses in 1868 appeared on the Estimates of that year. That is no longer the case now, and therefore the estimated Receipts and Expenditure of 1868 were proportionately increased.

4. I have further to call your attention to the fact that recent alterations in previous instructions enable me to present to you Supplementary Estimates which ask simply a vote for the sums really expended in excess of your authority. Formerly none of the savings in the Estimates for Establishments were considered applicable to any items of service "Exclusive of Establishments." The complications caused thereby belong now to the past, and I shall only illustrate the unintelligible basis on which Supplemental Estimates were formerly framed by stating that although 37,000 dollars is the total excess for which I seek your authority, the Colonial Secretary computes that under the old system I should have been obliged to ask apparently for 286,049 dollars to cover that excess! Now, however, the savings under the different votes are made applicable to the general purposes of the particular head of service under which such items were classified, and the excess alone of an entire Department, in all its branches, is placed on the Supplementary Estimates. At the same time, in the table which accompanies these Estimates is afforded full explanations of the savings accrued in each case, and also of the manner in which they have been applied.

5. Turning now to the Estimates for 1870, you will find that although they propose nothing very remarkable or which appears to invite special attention, they possess unusual interest as showing that, after many difficulties, a tolerably sound financial state has been attained, because it is one which gives fair promise of permanence. No fleeting surplus is shown by disposal of the Colony's capital, viz., its land; the receipts from licensed play-houses do not appear as part of the revenue; and yet the permanent means of the Colony are made to meet all its liabilities and provide fairly, though not extravagantly, for the general demands of a community in a state of progressive improvement.

6. So recently as 1867, the estimated surplus of the Colony's assets over its liabilities amounted only to 24,000 dollars, whilst of those, 60,000 dollars were unavailable coins, which no creditor could have been compelled to accept, so that practically the Colony was bankrupt. The worst feature, however, of its financial position then, was not so much the diminishing surplus, as the fact that the Colony had been steadily dropping into this insolvent state from a condition of comparative affluence. Thus, at the beginning of 1865, it possessed a *bonâ fide* surplus of 298,000 dollars; at the beginning of 1866, one of only 184,000 dollars; and at the commencement of 1867, an imaginary surplus of 24,000 dollars, but practically a deficiency of nearly 30,000 dollars.

7. It must be remembered also that in 1866, when I arrived, I found the expenditure of the Colony increasing in proportion as its income was diminishing; the worst of all conditions whether for States or individuals. So much was this the case that its actual expenditure in 1865 exceeded its revenue by 94,361 dollars, and in 1866 by 167,877 dollars. The expenditure in 1867, however, was then decreased at once from 936,954 dollars in the previous year, to 730,916 dollars; but not without leaving the Military Contribution in arrear. At the same time the revenue was permanently raised by means of the Stamp Ordinance, which, however, did not come into operation till late in 1867, and thus the Colony began to right itself slowly; its expenditure in 1867 being 128,584 dollars within its revenue, and in 1868, 142,794 dollars; though in the latter year all arrears of the Military Contribution were paid off.

8. Probably

8. Probably many suppose these results could only have been produced by using the fees received from the police measure of licensing gambling houses under certain regulations. That, however, is altogether a mistake. The Colony has recovered from its difficulties, paid its current expenses, and discharged all its heavy liabilities without using for those purposes one cent of the license fees in question. At the same time I look doubtfully on the estimate of 120,000 dollars as excess of assets over liabilities at the end of this year. I also question the excess of assets put down for the end of 1870, viz., 111,000 dollars. I recommend you not to count on more than 30,000 dollars *really available* surplus assets at the latter period. (*Vide* Estimates, page 3.)

9. It is undeniable, and I see no reason to regret it, that much assistance in other ways, as we shall presently find, has been derived by the Colony, indirectly from those license fees. It is, however, equally true that all its previous debts were paid, and its ordinary current expenditure met, as well as considerable public works carried on out of its own permanent revenue. This would appear more clearly, if I could lay before you the Colony's account with the Special Fund, as for brevity it may be styled. I am, therefore, sorry I cannot publish it, as its details are still under consideration of Her Majesty's Government. Full information, however, on the subject is accessible to individual members of Council. You will find, however, from the Estimate of the Colony's liabilities at the end of 1868 (Supplementary Estimates, page 3), that amongst the liabilities of the Colony is inserted an amount due to the Special Fund of 160,065 dollars. At the end of the current year there will probably be an amount due to it of 140,000 dollars. The difference, therefore, between the latter sum and the 317,807 dollars, estimated total receipts of the licenses from September 1867 to the end of this year, would indicate the amount appropriated from that fund during more than two years and a quarter, and that amount is 177,807 dollars.

10. Let us, however, inquire how that money has been expended. You will not find it appropriated to any selfish outlay on objects calculated to diminish the burthens or promote the convenience of the foreign residents. Expenses which should be borne by the ordinary revenue of the Colony continue to be so borne, and I may inform you that it is not merely the wish but the positive order of Her Majesty's Government that no part of the special fund be expended in relieving you of the taxation entailed by duties which every civilised community is bound to discharge.

11. The appropriation of any part of that fund has therefore been limited, 1st, to purposes auxiliary to the police object for which the licensing system was instituted, and which alone could justify such an experiment, viz., the suppression of crime, and more especially crime such as was formerly generated by frequent contact of the ignorant and needy with the criminals of the Colony in illegal gambling haunts, where the former were tempted to join in schemes for piracies, burglaries, and theft. It has therefore been suggested that improvements in the constitution of the police, whether by land or water, and in all appliances for detection of crime, which could not have been undertaken by the unaided ordinary revenue of the Colony, might on that principle be temporarily borne by the special fund. Thus the cost of the Colonial vessels, which patrol the waters of the Colony, and whose utility becomes more apparent by every day's experience, is at present borne by the Special Fund. The erection of a telegraph round the island, and of additional police and telegraph stations to complete the guarded circuit so effectually as to render improbable future landings of such parties as attacked Sowkewan on the 18th of April last, may be similarly regarded as a reasonable charge on the fund for suppression of crime.

12. Nevertheless, to prevent any diminution of the police rates being effected by an unfair resort to the Special Fund, it has also been suggested that the Colony should always provide from its ordinary revenue the means of defraying the highest expenditure on its police incurred in any year preceding the license system. That year was 1866, and the actual expenditure then on the Colonial police was in round numbers 120,000 dollars, an amount ascertained after deducting from the sum charged against police, several items improperly entered under that head; as for example, lighting street lamps, 20,000 dollars, an item now placed under "miscellaneous." Therefore, 120,000 dollars is the least sum for police which the Colony is bound to find from its own resources. At the same time to promote police protection and prevent an inconvenient accumulation of the license fund, expenditure in excess of that amount, if approved by the Secretary of State, may be temporarily borne by the special fund.

13. Secondly. You may assume that no application of the license fund for any but the police purposes, already explained, will be permitted unless for the special benefit and improvement physically or morally of the Chinese population. The Council is aware that none but persons of Chinese or Malay origin, and that no females of any nation whatever are now admitted into the licensed houses, whilst the license fees have been proportionally reduced, so as to compensate for such restrictions. Even foreign travellers are not permitted to visit the houses. The Chinese alone frequent them. Therefore, the fees if used at all, and it would not be easy to justify a perpetual and unmeaning accumulation of them, ought apparently to be used only for purposes auxiliary to the original object of the experiment, viz., suppression of crime, or the special benefit of the race by whose peculiar infirmity that experiment was first necessitated and is now maintained.

14. The purposes, therefore, to which a portion of the special fund has been or may be devoted, are all in accordance with the above principles. Thus extended means of education

tion are afforded to the Chinese, such as new school houses, a lecture room at the central hall, apparatus for conducting experiments calculated to develop an interest in practical and scientific knowledge, especially of a kind applicable to manufactures. Assistance likewise in maintaining that useful corps, the Chinese watchmen, has been given, and more is promised, though in proportion as it is assisted from without, the Chinese subscriptions for its support decline, so that ultimately if far the corps must be dissolved at least for a time. I might also enumerate an extended classification of interpreters, and the employment, on a different system, of abler and better paid men in that capacity, so as to meet a hardship long complained of by the native population in connection with our courts, a large contribution (15,000 dollars) to the erection of the Chinese hospital under Chinese management (but with due precautions), and a reimbursement to the Harbour Master's Department for loss of revenue by abatement of fees hitherto exacted from Chinese vessels only. Even the expense of special sanitary improvements in the physical condition of the inhabitants of the Chinese quarter of the city, which might otherwise have been indefinitely postponed, will be facilitated by contributions from the same source.

15. In all those particulars, however, care is taken that the special fund shall contribute nothing except for items over and above the Colony's ordinary previous expenditure, for which expenditure Her Majesty's Government is resolved that it shall raise an adequate local revenue. Thus under the head of education (page 19, Estimates 1870) you will perceive that the expenditure having been increased, the difference only between the expenditure in 1866, and that contemplated for 1870, viz., 4,448 dollars is to be taken from the special fund, a plan similar to that followed in the Police Estimates (*vide* Estimates, page 24).

16. All these contributions to useful purposes entail a large expenditure. Nevertheless at the end of the current year there will be more than 140,000 dollars still remaining to the credit of the special fund, which will again commence rapidly to accumulate, unless the license fees be considerably diminished, a policy which it would be difficult to justify, as it could only benefit the licensees.

17. Now, it is evident that no expenditure so effective as that adverted to for suppression of crime and the improvement, physical and moral, of the large population in our midst, can take place without reacting beneficially on this community generally. Therefore, it may be said that the licensing system, by increasing the means of Government to effect good, directly benefits the Colony. I leave, however, to others, if any be still so inclined, to argue that such resulting advantage ought to make us abandon a policy which has effected a remarkable diminution of crime and corruption, and this, moreover, at a time when it has been raised from the level of mere experiment to that of successful legislation. Let us hope, therefore, that different views are now entertained by former opponents of the measure. The motives of many deserved and met general sympathy, whilst personally I have always regretted that none of them were able to suggest some policy more in harmony with their own opinions, and yet equally effective for police purposes. In the interim, however, they could not reasonably have expected me to abandon substantial results for theories which, however applicable elsewhere, as I readily admit them to be, seemed wholly out of place here under the circumstances.

18. I have thus explained the position of the Colony towards the special fund so far as I can explain a subject of which many details are still unsettled, and which you must regard as liable to rearrangement and modification. The Council, moreover, must always regard that fund as one which may at any moment disappear. You should therefore distinctly bear in mind, that except for improving the police force and benefiting the Chinese community, as explained above, that fund is unavailable. Even those indirect benefits must cease in the event of a change of instructions from Her Majesty's Government, or the discovery of some effective substitute for the licensing system.

19. Hence it is all the more desirable that you should keenly scrutinise the state of your finances, and see whether any diminution of expenditure, either on your establishments or otherwise, can be effected without detriment to the public service, so that you may gradually lessen your permanent annual charges, and release a portion of your revenue now absorbed thereby.

20. I am aware that such economies seem easiest to those who know least of the work and duties of the various departments. For example, a reformer of our police would on inquiry be probably surprised to find, that in the day-time 32 beats have to be patrolled, and the men relieved at the end of each six hours, and that 92 beats at night have to be similarly manned and relieved, whilst from five to nine boats and their crews are kept always on duty and relieved night and day, at stated periods, in the harbour, as also that a gaol guard of 23 has to be daily provided and patrols furnished along a distance of 10 miles. To all these must be added special duties, which require daily some 50 men, independent of the outstations beyond the city, which must likewise be guarded and patrolled. He would also have to make an allowance for men in hospital, and from the severity of the duty, they number 50 per cent. more in the police at present than in the military.

21. Such a reformer would thus learn how it is that a necessity for meeting numerous duties entails a corresponding necessity for paying a numerous force, and that no mere improvement in its quality can dispense with the primary want of many men to do duty in many different places at the same time.

22. So far from the Superintendent of Police considering the police sufficient in numbers, he complained to me last May that at night "in the central part of the town, 31 men had to perform the duty laid down in the 'section book' for 61," and that so few constables could be spared for the outlying villages "that adequate daily explorations of the adjacent hills were impossible." The estimates before you therefore propose an increase as well in number as in quality, provision being made for a total of 717 instead of 643, whilst the number of Europeans will be increased from 112 to 146, and the expenditure from 183,000 dollars to 202,000 dollars. That sum, however, does not include the expense of gratuities and passages for 30 men from England, who if procurable at all, which is very doubtful, will cost the Colony 3,000 £. before they have done an hour's duty.

23. With the proposed telegraphs, and when the additional outstations now building are completed, it may perhaps be found that a smaller force can do the duty. I nevertheless see little prospect of your ever having a police force at once effective and cheap. I know no place where it would be so difficult to realise such an anticipation as Hong Kong. This is especially the case because the influx of criminals from the adjoining turbulent provinces, which differ entirely in the character of their population from that of the natives of the Straits or Shanghai, is regulated by circumstances beyond your control, and the course of which you can only watch, whilst keeping yourselves ever on the alert and the defensive, as though in a normal state of siege.

24. Moreover, at this distance from England and in this climate, temperance and honesty in Europeans command an exorbitant premium, and unluckily when they have been contracted for and imported, too often disappear, whilst, do what you will, whether you recruit in Europe or in India, you cannot procure a force homogeneous and speaking the requisite languages. You can only put it together bit by bit, and gradually utilise it by patience and by holding out to each individual substantial inducements and facilities to improve. This has been done, and I have reason to be satisfied with the progress made and being made.

25. In proportion, however, as you find less chance of diminishing your police expenditure, owing to the peculiar geographical position and exceptional circumstances of the Colony, I would be glad that you should, as I have already said, turn your attention to effecting economy in other departments. I am aware of the difficulty attending attempts to accomplish departmental retrenchment without impairing efficiency. Lord Lawrence has recently described how he commenced his late administration, hoping and resolved to effect great retrenchment in all the Indian departments, and how he was forced to leave them largely increased. I mention this not to discourage, but to prevent undue expectations. As yet, I have only seen my way doubtfully to suggesting the eventual amalgamation of most of the duties of the Treasury and Audit Office, an experiment which may be said to be now in its first stage, and the eventual saving from which may amount to upwards of 6,000 dollars annually. Nevertheless, I think an equal saving can ere long be effected in other minor details, which, however, I have not yet ventured to put on the estimates, preferring to feel my way first. My chief wish at present is to urge on you the necessity of keeping the principle of economy in view, when possible, without impairing efficiency.

26. To facilitate your labours, the form of the Estimates now before you has been improved by keeping all the expenses of each department together instead of spreading them, as formerly, over different and totally unconnected pages. Because some departmental expenses are for "establishments," and others are "exclusive of establishments," and others again for "rent" or "transport," I see no reason why such expenses should not be grouped together. Such an arrangement, whilst more symmetrical and clear, does not interfere, as you will find, with the distinct classification of the details so grouped.

27. In the Summary (pages 30 and 31), you will see the totals of the cost of all the departments collectively and separately, as proposed for next year, side by side with the expenses incurred for the same during the past year. You will there see that the total expenditure of last year amounted to 991,311 dollars, whereas the vote proposed for next year is nearly 200,000 dollars less, or 791,882 dollars. This diminution is, in a great measure, owing to the fact of the large arrears of the military contribution having been paid last year, so that there is about 114,000 dollars less to provide on that service alone.

28. Improved arrangements of your Estimates will probably prevent many mistakes. Few persons, and certainly not those to whom it would be inconvenient that accurate information opposed to their theories and objects should be forced on them, take much trouble in sifting such dry details. It must also be admitted that it was not easy formerly to understand the annual Estimates. Thus, in the Harbour Master's department, there were no means of knowing accurately the cost of the gunpowder depôt, a concern which accidentally is superintended by the Harbour Master, but which has little connection with his special duties as such. You can, however, now see that, independent of the sum necessary to reserve for purchase of a new hulk hereafter, the annual cost of the gunpowder depôt is 3,928 dollars. On the other hand, if anyone were to ask how much the office of Harbour Master, properly so called, costs the colony, it would be impossible to say, because you

cannot divide the 21,272 dollars allotted to the department so as to distinguish the cost of the ordinary duties of the office from others even more important and onerous, which devolve on him for suppression of piracy and crime under the harbour and coasts ordinance. The latter involve the examination, visiting, registration and general superintendence of about 36,000 junks annually, and this in a Colony where each year 5,000,000 of tons of shipping, manned by 800,000 sailors, arrive and depart.

29. In a similar manner it may be said that the establishment of the Postmaster General has increased largely from a total expenditure in 1868 of 32,088 dollars last year to an estimated expenditure of 41,112 dollars for 1870. New duties entail fresh expenses, and Her Majesty's Government having imposed on this the superintendence of the various postal stations at the ports in China and Japan, there is now an expenditure of about 10,560 dollars in salaries, rent, and allowances at the ports, instead of about 4,000 dollars formerly. It is true the colony receives from the British Government an annual reimbursement in aid of 6,000 dollars, and an increased profit on letters, which, however, has not averaged more than 500 dollars. The bargain, therefore, has not been a good one, especially if you have often to incur such an outlay as that of paying 10,000 dollars to build a post office at Japan.

30. You will also find that a sum of 6,744 dollars is expended by the Government on marine sorters employed on board the various mail steamers from Singapore here and hence to Shanghai. Now, if the public wish the luxury of an early and sure delivery of their letters, I presume they expect to find the charge included in the Estimates. It nevertheless swells the cost of the post office, and may possibly furnish scope for various judicious remarks as to the folly of maintaining such an unwieldy establishment. Now, if you really think this luxury useless and extravagant, you have only to say so, and I shall strike it from the Estimates. If, however, you think it may reasonably be maintained, and that nearly 7,000 dollars is thus wisely expended every year to promote general convenience and the interests of merchants specially, I count on your influence with the latter to abolish the present perverse usage of sending clandestinely large packages of letters by the very mail steamers which are actually carrying marine sorters, at great expense, to arrange and facilitate the delivery of such correspondence without any extra charge.

31. Nevertheless, in a council where practically I assert there is the most substantial liberty of suggestion, speech, and action, and where it has always been the anxious desire of the Executive to encourage the free interchange of thought for the improvement of such legislation as may be proposed, I do not think it necessary to go seriatim through all the establishments or items now offered for consideration. You have had copies of the estimates supplied to you beforehand, and no doubt your own experience is sufficiently suggestive.

32. In reference to public works, however, as being the branch of expenditure in which the Executive is most responsible, because its greatest power of initiation and "veto" lies there, I have to call your attention to the fact that in reality circumstances have greatly narrowed the margin of choice in that direction. You will observe that out of 137,000 dollars, estimated for Works and Buildings, no less than 98,000 dollars are required for completion of the reservoir at Pokfoolum. The original estimate for that work, by which the Government was induced to undertake it at all, was 100,000 dollars, whereas it now appears that it will cost double; whilst, as it is half completed, you have no option but to proceed with the work. Its whole history, however, has been most discouraging, as showing how heavily, even when attempting the most useful and necessary objects, the colony can lose by the occasional incompetence of its employés, and how seldom the most obvious deficiencies of such persons can restrain them from projecting schemes beyond their strength. I only regret that the work had been proposed and launched before my arrival here.

33. It is true that suggestions by an eminent engineer in England have added to the cost of the work whilst in progress; those suggestions, however, were few, as indeed the most eminent professional man could suggest little as to a scheme whose general propriety and fitness depended mainly on circumstances not before him. The most costly change was the substitution of cement for ordinary mortar; and if the change was essential, I see no reason why that point should have escaped attention here.

34. Be that as it may, the large sum of 100,000 dollars, and possibly much more, being required to finish what you were led to believe would have been completed without such additional expense, it would be useless to discuss at present projects for either a new Court House or a new Civil Hospital. The former building I hope can easily be made to serve the purposes of the colony for several years yet, though the same cannot be said of the Civil Hospital.

35. For "Roads, Streets, and Bridges," the sum of 41,000 dollars is put down, including the item of 15,000 dollars to be expended in 1870 on account of the continuation of the Upper Road to the Gap above the Racecourse. This item has now appeared for four consecutive years on the Estimates as laid before you by the Government, but has hitherto been obliged to give way to some more pressing claim. Now, however, as all differences between the colony and the military, concerning the ground through which part of the road would pass, are at an end, and as, moreover, the inconvenience of the city's possessing only one mode

mode of ingress and escape to the eastward has, during the last 12 months, become more obvious than formerly, I think this useful, and possibly reproductive work, has some chance of being at last commenced.

36. I have, however, no desire to press it specially against your opinion, if unfavourable, for if you maintain the public credit by ensuring a sufficient revenue to meet all reasonable duties, I hope you will not suppose the Government has any pet immutable scheme for appropriation of the disposable revenue. The duty of the Executive, it is true, necessitates the initiation of all expenditure, but, as you are aware, it is and has been my desire to found such proposals, as far as possible, on some basis which I may have had previous reason to consider in harmony with our common wish and duty.

— No. 2.—

(No. 807.)

EXTRACT from a DESPATCH from Governor Sir R. G. MacDonnell, C.B., to the Earl Granville, K.G.; dated Government House, Hong Kong, 18 October 1869.

(Received, 6 December 1869.)

(Answered, No. 4, 7 January 1870, page 12.)

THE total expenditure voted amounts to 790,720 dollars, including civil list and pensions, and I consider that, even if there was to be no special fund, contributing towards suppression of crime by improving the police and maintaining the colonial vessels, it is conclusively proved by the enclosed estimates that the necessary wants of the Colony would still be reasonably provided for from a vote of the above amount. Something would probably have to be taken from public works to increase for a time expenditure on the police especially, if the old demoralisation of that force were to be renewed by abolition of the existing licensing system.

It is admitted also that a great advantage accrues to the Colony in the termination of such demoralisation by the present system, and that illegal gaming houses have been thoroughly suppressed by it, is a fact not to be refuted by the idle contradiction of persons who cannot vouch their assertions by a single proof. It is also a great advantage, that the necessity of preventing an inconvenient accumulation of the license fees necessitates the expenditure of part of them on the amelioration of the physical and moral status of the Chinese portion of the population, as being the parties who really contribute those fees. Nor can it be denied that there is a direct advantage for the time being in the assistance given to the police protection of the community by erection of more police stations and telegraphs, and the incorporation, even though it be temporary, of a higher class of men in the force.

All that and more may be admitted, but it is, nevertheless, equally true that the Colony having wisely increased its taxation by the imposition of the stamp duty, whilst pursuing a rigid system of economy during the last two years, and abstaining *ad interim* from undertaking many public works of acknowledged utility, has by those means, and not by using the special fund, been enabled to right itself, and advance from a state of bankruptcy to a perfectly solvent condition. The estimates show convincingly and beyond all cavil, that even if the Colony had to give up the colonial vessels and somewhat reduce its police expenditure, it would still be able to provide for all its most essential requirements. The Colony, therefore, is independent of the special fund, and has never been indebted one cent. to that fund for its process from bankruptcy to solvency, a fact proved by actual figures.

I am particular in thus emphasizing this point, because, as your Lordship must be aware, there have been so many attempts to overlay all questions bearing either directly or indirectly on the special fund with misrepresentations, some no doubt intentional, but most founded on ignorance of local facts and

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circumstances,

No. 2.

Governor Sir R. G. MacDonnell, C.B., to Earl Granville, K.G.

18 Oct. 1869.

circumstances, that it seems important to bear in mind that Her Majesty's Government is perfectly free to pursue any policy involving abolition of the special fund, so far as either mere pecuniary considerations or serious embarrassment to this Colony are concerned, except that which is connected with the certain increase of crime and demoralisation of the police, which former experience proves would immediately follow.

I may also draw special attention to the fact that no objection was urged to the enclosed estimates, the opinion of the Council being that the expenditure was wisely arranged. This, however, did not prevent much discussion as to the propriety of dealing with the special fund in any way except by votes of the Council. Of course I am obliged to do so, whilst the Duke of Buckingham's prohibition against putting the proceeds of the license fees on the estimates of revenue is continued, and I do not well see how that prohibition can safely be relaxed, without subjecting this Government to imputations which it is desirable to avoid.

I may, however, suggest to your Lordship the expediency of allowing the Governor to consult the Legislative Council unofficially, that is, not in their mere legislative capacity, as to the appropriation of any part of the special fund in accordance with certain general principles to be laid down by Her Majesty's Government, and which I presume could not differ much from the principles which at present regulate the appropriation of a portion of that fund. I think there would be an advantage in thus constituting the Governor and Council trustees, as it were, of the local management of that fund on principles laid down by Her Majesty's Government.

Secretary of State
to Governor,
No. 41, 26 March
1869. *Vide*
House of Com-
mons Paper, No.
409 of 1869,
page 78.

Your Lordship has pointed out the tendency of the license fund to accumulate in future years, and in corroboration thereof I enclose to-day's weekly report of the state of the Treasury, from which your Lordship will perceive that, deducting what are regarded as wholly unavailable monies, the balance in the chest is 314,780 dollars, of which no less than 276,253 dollars belong to the special fund. The fact is that, without a very great reformation in the survey department, and more competency in its officers to keep pace with their work, the money appropriated, or estimated to be appropriated, from the special fund to police buildings and improvements within the scope of that fund, cannot be used so quickly as to prevent an inconvenient accumulation. Nevertheless, if the license fees were to be diminished, the licensees would at once relax the precautions which they are now obliged to take by their narrow margin of profit for the complete suppression of all rival illegal gambling establishments.

I fear, therefore, that I must ere long call attention to the state of the survey department, but I confess that in the interim it is not easy to deal with the accumulations of the fund in question, though I hope for some relief by your Lordship's sanctioning hereafter the appropriation of a large portion as a permanent endowment of the Chinese Hospital now in course of erection. I should, however, naturally be much pleased at having the responsibility, which now devolves entirely on myself, shared by some others, especially as at this stage of the question I must necessarily be insufficiently acquainted with your Lordship's complete intentions.

I am at least very anxious that your Lordship should be aware of my own personal readiness, if it be thought advisable, to act as a trustee of the fund in co-operation with the members of the Legislature, or a select committee of that body. The suggestion is a very novel and special one, but so are the circumstances.

In the meantime I did not feel justified, when forbidden to place the proceeds of licensed houses on the estimates, to publish, till receipt, of further instructions, all details connected with either former or future appropriations of that fund. I nevertheless did not hesitate to afford to every member of Council an opportunity of perusing, if he wished it, a copy of the detailed statement forwarded to your Lordship in my Despatch, No. 793,* of the 15th ultimo. I likewise in my Financial Statement gave almost equally full details of the expenditure which had been actually defrayed from the special fund, and the reasons for so applying it, and I think it would not be easy to enter a valid objection against any part of that expenditure.

* Page 1.

Enclosures in No. 2.

STATEMENT showing the Amount of all Funds in Custody of the Colonial Government.

	\$.	c.	UNAVAILABLE.	\$.	c.	\$.	c.
In Treasury - - - - -	—		Judicial deposits - - - - -	71,970	24		
„ Strong vault - - - - -	—		Deposit to credit of Sikh police force to pay their passage home when dismissed from service.	4,323	—		
„ Bank at interest - - - - -	300,000	—	Licensed houses security - - - - -	16,666	67		
„ Ditto on deposit (copper) - - - - -	45,637	—	Unavailable by reason of special difficulty in using them:—				
„ Ditto on current account - - - - -	107,740	29	Subsidiary coins - - - - -	45,637	—		
						138,596	91
			Balance - - - - -			*314,780	38
TOTAL - - - \$.	453,377	29		TOTAL - - - \$.		453,377	29

* Of this \$ 276,253 44 c. belong to the Special Fund.

Colonial Treasury,
Hong Kong, 18 October 1869.

Frederick Forth,
Treasurer.

WEEKLY RETURN of the state of the COLONIAL TREASURY.

ABSTRACT showing the Monies Received and Paid by the Colonial Treasurer, and the Balance remaining under his separate Charge, at the end of the Week, Saturday 16 October 1869.

Date.	RECEIPTS.	Amount.	Date.	PAYMENTS.	Amount.							
		\$.	c.		\$.	c.						
From 11 to 16 October 1869.	Balance in the Bank	-	-	-	78,262	95	From 11 to 16 October 1869.	Police, exclusive of establishment	-	2,971	80	
	Land revenue	-	-	-	2	-		Allowances	-	-	480	-
	Rent, exclusive of lands	-	-	-	592	-		Public works	-	-	2,565	74
	Licenses	-	-	-	709	90		Miscellaneous	-	-	2,100	55
	Taxes	-	-	-	7,801	7		Transport	-	-	398	40
	Stamps	-	-	-	3,764	34		Advances	-	-	134	96
	Postages	-	-	-	8,860	24		Special fund	-	-	295	-
	Fines and fees of courts	-	-	-	125	35						
	Fees of office	-	-	-	576	71						
	Reimbursements	-	-	-	453	65						
	Miscellaneous receipts	-	-	-	126	53						
	Ordinance No 10 of 1867	-	-	-	206	-						
	Deposits not available	-	-	-	206	-						
Special fund	-	-	-	15,000	-		Balance remaining in the bank	-	-	107,740	29	
		\$.	116,686	74					\$.	116,686	74	

Frederick Forth,
Colonial Treasurer.

— No. 3. —

(No. 4.)

No. 3.
Earl Granville,
K.G., to Governor
Sir R. G. Mac-
Donnell, C.B.

7 Jan. 1870.

No. 793, 15 Sept.,
page 1.
No. 807, 18 Oct.,
page 9.

* *Vide* House of
Commons Paper,
No. 409 of 1869,
page 81.

† *Vide* same Paper,
page 78.

‡ *Vide* same Paper,
page 78.

§ Page 1.

COPY of a DESPATCH from the Earl *Granville*, K.G., to Governor
Sir R. G. MacDonnell, C.B.

Sir,

Downing Street, 7 January 1870.

I HAVE the honour to acknowledge the receipt of your Despatches, noted in the margin, in which you transmitted to me a further statement of the account of funds derived from the gambling houses, the supplementary estimates for 1868, the estimates for 1870, the financial statement with which you introduced the appropriation ordinances for the monies required by those estimates, Ordinances No. 11 and No. 12 of 1869, as passed by your Government, together with the usual financial returns accompanying such appropriation ordinances.

My Despatch, No. 165,* of 8th October, will have informed you that I am unable to sanction the principle of charging against the special fund all expenditure incurred by the Colony on police and education in excess of a fixed normal standard; and also that all expenditure on roads, stations, works, and telegraphs must be expunged from the account of that fund.

As I had informed you in my Despatch, No. 41,† of the 26th of March, that “the objects to which these funds were to be appropriated had been clearly defined by my predecessor, and that his Grace’s instructions were not to be exceeded without further and special sanction,” and had further stated, in my Despatch, No. 64,‡ of the 1st of May, that “I should not express any opinion on the subject of the gaming houses until I had received your reply to my Despatch, No. 41,” your assumption that I should sanction the principle which you had suggested with regard to the expenditure of that fund, was unwarranted; and as I observe that both the Appropriation Bills now under consideration have been framed on that assumption, I have to instruct you to submit revised estimates to the Council, unless you have already done so, on the receipt of my Despatch, No. 165, of the 8th of October.

I notice, in the items of the account contained in your Despatch, No. 793,§ that you charge against the special fund expenses incurred in the maintenance of the colonial vessels: considering that the sanction which my predecessor gave was to the purchase of these vessels, which were to be manned by the water police, and that their maintenance is not likely, under the circumstances of the population of the Colony, to be at any time other than a permanent charge on its expenditure, I cannot allow that these expenses should be charged upon what is merely temporary revenue; and I wish them to be estimated and voted by your Council as part of the ordinary colonial expenditure.

I am, however, willing to increase from 30,000 dollars to 50,000 dollars the contribution which I allowed, in my Despatch, No. 165, from the special fund in aid of the general expenses of the colonial police. This increase I have sanctioned, though with considerable reluctance, because the expenses of that force have been largely increased, with a view to promoting its efficiency, for the purpose of repressing gambling, and because the large cost of maintaining these vessels is in great measure due to similar causes. This increase may begin from the year 1869.

This sum of 50,000 dollars will then be the only charge on the special fund, besides the grant of 13,000 dollars to the native hospital, and the expenditure incurred in the purchase and construction of the colonial vessels, and it has been sanctioned only to avoid that complication in the various accounts of the departments which any systematic attempt to discriminate between the direct and indirect charges that could properly be made on this fund, in connection with the special object of its creation, would obviously give rise to.

In framing all future estimates, you will take these instructions for your guidance, and the account of the special fund must be one of the returns laid before the Council, and regularly sent home with such estimates.

After the adoption of this plan, the unofficial members of Council will not have the same grounds for complaint, that the special fund is taken out of their control, as they will vote every item of colonial expenditure.

I must point out to you that, in the 9th paragraph of your financial state-
ment,

ment, it is stated that the total receipts from the licenses, from September 1867 to the end of 1869, were estimated at 317,807 dollars, instead of 449,166 dollars, which appears to be the correct sum from the accounts in your Despatch, No. 793.

You will have the goodness to furnish me with an account framed on this basis of receipt and expenditure for 1867, 1868, 1869 (separately), on account of the fund, and you will bear in mind that the interest on the accumulations of the fund is not to be considered as available in aid of general revenue, but must be credited to the account.

I have &c.
(signed) *Granville.*

— No. 4. —

(No. 825.)

COPY of a DESPATCH from Governor Sir *R. G. MacDonnell*, C.B., to the Earl *Granville*, K.G.

Government House, Hong Kong,
27 November 1869.

No. 4.
Governor Sir R. G.
MacDonnell, C.B.,
to Earl Granville,
K.G.
27 Nov. 1869.

My Lord,

(Received, 17 January 1870.)

I HAVE the honour to acknowledge your Lordship's Despatch of the 8th of October, No. 167,* having reference to the application I had made for the engagement of 30 trained English policemen.

* *Vide* House of
Commons Paper,
No. 409 of 1869,
page 83.

In reply, I have the honour to state that, looking at the tenor of your Lordship's Despatches of the 7th and 8th October, numbered 159 and 165 respectively,† which instruct me peremptorily to limit to 30,000 dollars the future annual contribution from the special fund to police expenses, and to refund a large sum of not less than 70,000 dollars, long since expended under the supposed sanction of the Secretary of State's instructions (No. 80,‡ 30th April 1868), the financial position of the Colony is thereby rendered such as must preclude any present addition to the police force.

† *Vide* same Paper,
pages 80 and 81.

‡ *Vide* Papers
presented by Com-
mand 15th June
1868, page 63.

Therefore, however useful the object which I had in view, and though provision for the expense is made in the estimates for 1870, yet as those estimates can only be acted on within the limits of your Lordship's last instructions, there are consequently no funds available, and I have no alternative but to withdraw my application.

I have, &c.
(signed) *Richard Graves MacDonnell*,
Governor.

— No. 5. —

(No. 831.)

COPY of a DESPATCH from Governor Sir *R. G. MacDonnell*, C.B., to the Earl *Granville*, K.G.

Government House, Hong Kong,
13 December 1869.

No. 5.
Governor Sir R. G.
MacDonnell, C.B.,
to Earl Granville,
K.G.
13 Dec. 1869.

My Lord,

(Received, 29 January 1870.)
(Answered, No. 22, 10 February 1870, page 26.)

I HAVE the honour to acknowledge receipt of your Lordship's Despatches, Nos. 159 and 165,§ of the 7th and 8th October respectively.

§ *Vide* House of
Commons Paper,
No. 409 of 1869,
pages 80 and 81.

2. In the former, your Lordship explains the plan which you wish carried out in the future allotment of licences for the gaming monopoly, and, so far as those instructions go, there need be little difficulty in giving them immediate effect, for the present system has been brought to such complete working order that changes in the licensees, even if made suddenly, are likely to be much less prejudicial to the public interests now than at an earlier period.

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3. Your

3. Your Lordship's Despatches under reply further proceed to point out the only purposes to which the special fund is in future to be applied. There can be no difficulty in carrying out those instructions also, so long as the contribution in aid of police expenditure be a fixed sum, as now arranged, for I am glad to notice that, in your Lordship's Despatch, No. 165, you "agree with me in the opinion that no trustworthy calculation can be made of the amount of police expenditure, which may be fairly chargeable to the license fund, as employed in the control of gambling," &c., and for that reason, apparently, your Lordship acquiesces in an annual contribution of 30,000 dollars, though "more or less arbitrary."

4. As your Lordship supposes a more accurate calculation might lead to a result "less acceptable" to this Government, and (No. 159) apprehends a difficulty in preventing my misunderstanding the clearest instructions, and seeking to "escape" from them, I can assure your Lordship that no wish so contrary to my duty has ever swayed me. I think it must be admitted, on the contrary, that the appropriation of any part of the license fund has been all along a matter of indifference to this Government, compared with the maintenance of a system which, I believe, has greatly diminished the vice of gambling amongst the lower classes, and mainly contributed to keep the large prison at Stone Cutters Island empty, and the central gaol only half full, and which has also reduced larceny amongst servants to one-fourth of its former amount, and ensured the recognition and removal of returned convicts and dangerous characters in the proportion of three cases for one that was formerly brought to light, whilst, above all, the source of the monstrous corruption of the police force in obtaining bribes from illegal gaming houses has been removed.

5. Those results from the present system have always appeared to this Government a sufficient justification of it, even though we have never professed to regard the extirpation of the vice of gambling itself, owing to the peculiar habits of the Chinese, as an object otherwise than indefinitely remote, if not altogether unattainable. In fact this Government never pretended to interfere with gambling for the moral purpose of reforming an alien and heathen population perpetually changing as the leaves on a tree. It has simply maintained that there are police considerations so strong as amply to justify the policy adopted. Nevertheless it is eminently satisfactory to find that, by subjecting a few licensed houses to Government supervision, an important diminution has resulted of gambling generally, as well as of the worst consequences of that vice.

6. I am, therefore, so far from thinking this Colony can found any claim to assistance, on the ground of expense caused by the licensing system that I have long since reported to his Grace the Duke of Buckingham, the direct expense entailed thereby on the Colony to be insignificant; and I may add, that the direct benefit, secured by suppressing corruption of the police and diminishing crime, is such that it would be well worth the Colony's while to pay an extra sum for it, instead of founding, or pretending to found, on it any claim for extra assistance, all which is, nevertheless, quite compatible with the fact that the police of the Colony has never been nearly as effective as is desirable, and that means of improving it would be a great public boon.

7. Consequently I am far from maintaining, and I think it might prevent unintentional misconception of the motives of this Government, if it were kept in mind that I have never treated the creation of a fund from the licenses as the object of this Government, but rather as an accidental result of its policy, whilst in point of fact the Colony is placed thereby in a better position than formerly, without reference to the license fund at all. This Government makes no claim whatever on that fund, beyond the bare fact that it exists, and that no equally effectual means of carrying out a useful policy have been devised, without creating some such fund. Therefore when it is created, a necessity for dealing with it in some way seemed naturally to arise also, unless there be a paramount obligation not to touch it, which obligation has never yet been clearly made out.

8. It is, however, in many obvious ways a great relief to the Executive here that Her Majesty's Government should step in and take the responsibility of declaring

declaring that nothing, or rather that very little, is to be done with the fund in question, for whilst my own responsibility is diminished by that decision the Colony cannot be regarded as placed thereby in a worse position than before any such a fund existed. On the contrary, as I have always maintained, it is morally and socially in a much better position than previously, because it enjoys the original results sought by the present system, and which are quite as valuable as the accidental pecuniary benefits which the license fund, if available, might confer. Therefore I have ever said, let the money, if needs be, be thrown into the sea as an accident that encumbers the argument—not that I really defended such a course as a wise one, but that I preferred it to annihilating the proved useful fruits of the present policy, and bringing back the old times of corruption and generation of crime.

9. Now, as the above has always been the theory of myself and my Council, it would ill become us to comment on your Lordship's last instructions, or receive them otherwise than with a cheerful readiness to prove the sincerity with which we have ever treated the license fund, as a mere collateral and accidental consequence of a system which had a very different aim from that of raising money. I may seem somewhat too particular perhaps in thus reminding your Lordship of the expressed wishes and actual arguments of myself and my Council, but I infer from one or two passages in your Lordship's recent Despatches, there has been somehow an impression that the present instructions were expected to lead to some remonstrance. Those instructions however are so positive, and have been issued after the whole case had been before your Lordship so completely, that it would be almost indecorous in the authorities here to criticise them, or do otherwise than accept them with a determination to obey them without comment.

10. So far at least as they affect the future, that must be the case, and I presume, as it is a principle, rather than minor details, which is at stake, the influence of those instructions on the future is regarded by your Lordship as the main consideration. I have no doubt, however, that your Lordship will be obliged to me if I point out any needless hardship which the Colony might suffer from a sudden and sharp application to the past of rules which may nevertheless be easily applied with due notice to the future. Whether through my inadvertence, or, as I really believe would be found to be the case, from the inherent difficulty of giving effect to instructions necessarily at first half defined as well as shifting in their tenor, and applicable to novel incidents occurring at the most distant possible spot from the person to whom it was my duty to furnish explanations, and from whom alone definite final instructions could be received, your Lordship under the circumstances has naturally had a more exact and early perception than myself of the real wishes of Her Majesty's Government.

11. In my Despatch, No. 793,* so late as the 15th September last, I remarked * Page 1. that "in the present state of the question, and whilst even the general principles applicable to the disposal of any part of the fund are still under discussion, it is not easy, when called on to arrange details that are at once novel and experimental, to deal suddenly with each of them in such a manner, however desirous I might be of doing so, as would exactly meet the wishes of another in a distant country, and with whom there had been but very limited communication on the subject." When writing those words I scarcely expected to receive so early a confirmation of their truth as is given by your Lordship's recent Despatches, for I certainly had at the time very great confidence in the two main principles which I then explained as guiding me.

12. I have now only one subject for regret, viz., that I acted on the supposition of there being, for police purposes, and the suppression of crime, a power granted by his Grace the Duke of Buckingham, and never revoked, so far as I am aware, to organise from the special fund a trustworthy police, "sufficiently numerous" and "too well paid to be under any great temptation to corruption," and also an admission that the fund "arising from the measures taken for the gradual control of the gambling houses by the licensing system might properly be applied to the organisation and payment of that force." I always considered that language so comprehensive as to cover all appropriation not otherwise limited or prohibited for the improvement and extension of the police; and I never regarded the subsequent correspondence as to one or two special and unusual

Secretary of
State to Governor,
No. 80, 30 April
1868.
Vide Papers pre-
sented by Com-
mand, 15 June
1868, page 63.

usual suggestions raised by myself as abrogating the larger general power which lay all the time behind in reserve under the comprehensive language of that Despatch.

*Vide Enclosure,
No. 1.*

13. I have, however, not the least wish or intention to argue that I was justified in holding that opinion. I merely say, as a matter of fact, that I never had any doubts on the subject, nor the least desire to do otherwise than carry out what I supposed to be the wish of Her Majesty's Government. Hence, in my Financial Statement of 1863, I published his Grace's Despatch as the leading authority on the point, and, till receipt of your Lordship's recent instructions, that Despatch has always been so accepted in the Colony.

14. If, therefore, during 1868 and 1869 there has been a larger expenditure on police purposes and for suppression of crime generally than in previous years, whether by my mistake or not, I think it may be not unacceptable to your Lordship to consider the difference between forbidding that expenditure for the future, and actually ordering a refund of an outlay already incurred, and which, but for a natural misapprehension, would probably not have been incurred at all. In the former case there need be no apprehension, with ordinary prudence, of the Colony's position being worse than before the existence of the special fund. It will even be largely a gainer, as I have admitted, by the abolition of police corruption, and the diminution of crime. In the latter case, however, it finds itself asked to pay up money now gone beyond its control, and nothing but the fact of the general administration of the Colony's affairs having been economically conducted, and on a basis mainly independent of the special fund, prevents the amount of the money so expended in two years and a quarter being so great as to entail a ruinous loss.

Enclosure, No. 2.

Enclosure, No. 3.

15. As it is, it would cause very great inconvenience, as appears from the corrected returns which I enclose, of the amount expected to have been due to the special fund on the 31st instant under previous arrangements, and that which will be due under your Lordship's recent instructions. Under the former it was expected that there would be due 167,633 dollars 30 cents., but under the latter the amount will be 297,334 dollars 15 cents. The difference, 129,701 dollars 35 cents., is therefore the expenditure spread over two years and a quarter, which your Lordship now calls on the Colony to make good. I therefore consider it creditable to the local Government here that even so large a demand, suddenly made, will not embarrass the Colony irretrievably, though from the commencement of my administration, now more than three and a-half years back, it has been struggling to emerge from an insolvent condition, and has at last righted itself by honestly increasing its local taxation and economising its means, whilst for that independent position it is not indebted to the aid of a cent. from the special fund.

*Secretary of
State to Governor,
165, 8 Oct. 1869.
Vide House of
Commons Paper,
No. 409 of 1869,
page 81.*

16. Therefore, if any part of the latter fund is allowed to be touched, and if the principle of using it at all be conceded, I do not understand how there can be any pressing necessity for calling on the Colony suddenly to repay a portion of that fund whose expenditure had been spread over so lengthened a period, and incurred under a misapprehension more or less excusable. I therefore avail myself of your Lordship's permission to invite a reconsideration of the instructions in question, and suggest that they be made prospective only, and not retrospective. Such an act would more graciously initiate the new instructions, and be a reasonable recognition of the efforts made by the Colony to recover a sound financial position. I would not make the suggestion if I could see any adequate reason for refusing such a boon. It seems at least an insufficient ground for its refusal that it is in contemplation to allow the special fund to accumulate for purposes remote and improbable in the highest degree, and in connection with which we can acquire little more information 50 years hence than we possess at this moment.

17. In the meantime, whatever may be the balance, which your Lordship may eventually decide on passing to the credit of the special fund at the close of this year, I shall immediately apply your Lordship's instructions at once, and completely to the year about to commence. This, however, can only be done by reconsidering the Colony's financial position, and determining along with my Executive Council the items in which reduction of expenditure will be least injurious

injurious to the public interests. Your Lordship, however, is aware that I have not been able of late to transact much business, and I fear there is for the first time in my administration an accumulation of arrears. Nevertheless, I hope soon to clear them off, and shall not fail to devote my earliest attention to the above important questions.

I have, &c.
(signed) *Richard Graves MacDonnell*,
Governor.

Enclosure 1, in No. 5.

FINANCIAL STATEMENT, 1868, by his Excellency Sir *Richard Graves MacDonnell*, C.B. Encl. 1, in No. 5.

1. LAST August, when explaining the estimates for 1868, which I then laid before you, I was obliged to draw your attention to the many temporary and uncertain elements then involved in the calculations affecting the revenue side of the account. In that respect I have the satisfaction of thinking that the revenue estimated for 1869 is one unlikely to be deranged by similar disturbing influences, and that, as ought always to be the case in framing estimates, there is a greater probability of an excess than a deficiency in the amount of revenue estimated.

2. At page 3 of the detailed estimates, which I now lay before you, the excess of the Colony's assets over its liabilities, on the first day of the present year is put down as 25,851 dollars, and, having gone into the calculations, I think there is little apparent room for error in that item. I may also remark that the surplus intended is such as would have remained on the first of last January after payment of all known liabilities, including arrears due for the military contribution. The latter, however, can no longer be counted as part of the Colony's liabilities, because all sums due on that account, even to the 30th September of this year, have been already discharged.

3. On the other hand, amongst your assets are necessarily included sums which are practically unavailable, such as a large portion of the subsidiary coins, which cannot be refused at the Treasury, and which, therefore, keep steadily increasing, as the accompanying return explains. From that return you will perceive that on the first day of this month the Colony possessed no less than 43,482 dollars in copper and bronze coinage, the greater part of which may be regarded as being at present entirely useless, and as an amount which increases almost every week. Occasionally it is decreased by arrangements with contractors for public works to take a portion of their money in copper, or by a rise in the value of the latter coinage which was lately at par, but it is sure to find its way back to the Treasury whenever it falls below par in the markets of Canton or Hong Kong. Appendix (A).

4. It is essential also to bear in mind that the bronze or mil coinage amounts to 17,000 dollars, of which there is apparently no prospect of getting rid on any terms. This result is the more unfortunate because those coins have cost a considerable extra outlay, from having been coined in England instead of at the mint of the Colony, whilst the heavy expense attending their manufacture abroad, and freight, &c. &c. from a distant country, has been proportionably augmented.

5. The available assets of the Colony must therefore be diminished by those sums, whilst it must also be remembered that out of what might remain if a creditor and debtor account were to be now balanced, a considerable portion would consist of arrears of rents and taxes, which require time to collect, and part of which it is certain could not be recovered.

6. Thus, although in my financial statement of August last year the Colony's assets on the 1st January 1867 were stated to amount to about 24,000 dollars, yet small as that sum was, it would have been a delusion to expect to realise it in any shape.

7. At present the Colony, independent of any subsidiary coinage, an item which exceeds 60,000 dollars, holds here in cash 190,135 dollars, and has also a respectable balance of about 40,000 dollars in the hands of the Crown agents to meet its frequent liabilities in England—a result which, in a mere financial point of view, is highly satisfactory.

8. Perhaps some, who remember the difficulties of the local treasury in 1866, may hence infer that it is easy by a touch of the helm to turn the vessel of the State, like other vessels, from the breakers on which a slight mistake might so easily place her, yet the effort may be more arduous than appears; there are so many currents which tend to drive her in the direction where she has once been steered. I can vouch that the production of our present financial safety and prosperity required much rigid economy and the strictest supervision, exercised even with severity, over all the departments for the purpose of getting the Colony clear of the reef of bankruptcy, to which I found her drifting, and which she may be said to have touched. It is nevertheless evident that the large balance now in hand is mainly attributable to no economy possible for any Governor, but is principally the result of two new sources of revenue, viz., the stamp ordinance, and fees from the licensed

gaming houses which this Government established last year in default of any better means of controlling certain dangerous classes of the community.

9. All these causes have so changed the financial position of the Government from that in which I found it on my arrival, that, although the liabilities of those days have been discharged, and although in 1869 it is contemplated to raise by rates for police, water, and lighting, 34,000 dollars less than the sum estimated for the current year, I am now enabled to lay before you an estimated expenditure exceeding one million of dollars, with every prospect that nevertheless there will remain a surplus of 230,000 dollars on the 31st December 1869, reduced by unavailable coinage to 170,000 dollars, and liable, practically, to some further diminution if the supplementary estimates should attain a greater development than has been allowed for in the calculations now submitted. That is a contingency always possible, as, for example, it is not improbable that owing to original defective construction and the sinking of the earth in its neighbourhood, the necessity may arise for rebuilding the harbour-master's office, which is already in a dangerous state.

10. I last year stated that the possibility of such contingencies occurring proves that this Colony, like any other large firm or business, should always retain an easily available surplus, over and above assets in the form of rent and taxes due. Such surplus should not be less than from 100,000 dollars to 130,000 dollars, and I must again impress on you that although the estimates now before you show a surplus probably exceeding the above sum at the end of 1869, even allowing liberally for the demands of the supplementary estimates, I can regard such result as merely amounting to a return to a sound financial status, such as should never be departed from, especially as amongst the items forming the revenue for 1869 is one which cannot recur, namely, 60,000 dollars for the plant and machinery of the Mint.

11. Hence, although the finances of the Colony are at last in a satisfactory state, it cannot now be said that they will not require constant care and vigilance to preserve them in that condition.

Appendix (B). 12. Before concluding the subject of revenue, I call attention to the fact that the fees from the licensed gaming houses are now withdrawn from the heading of unavailable deposits. I lay before you the Despatch of the Secretary of State authorising application of that revenue to certain colonial purposes, and till some means of obtaining equal control over the classes addicted to illegal gaming with all its evil consequences to the community, can be devised, it certainly seems wise to use it for the improvement of a force which, in a great measure, is required to repress irregularities and crime originating in or fostered by gambling. It is at least wiser to devote it to that or other useful public objects than to throw it into the sea, or get rid of it in some more objectionable manner, on the plea that no revenue should accrue from such a source.

13. My creed on such matters is a very simple one. I hold that a government is bound to do as much good and suppress as much evil as it can. I have therefore not hesitated to advance straight forward towards that object. I have never been deterred by the secondary consideration that a revenue was unavoidably created thereby, whether I liked or disliked that result, nor have I been persuaded by the reasoning, if I may use such a term, of some estimable persons who appear comparatively indifferent to the existence of a public evil, provided their own theory that we should leave sin and vice alone prevails.

14. Such persons, if they pursue their argument to its legitimate conclusion, must be prepared to see our navy and army decimated by a disease which legislation can mitigate sooner than meddle officially with what they call sin in the one case, or vice in the other, and thus they would leave both to mature and fructify—the pestilence to spread and this city to be infested by illegal gaming haunts frequented by the criminal classes with the usual results to society of such assemblages. Moreover they seem to apply their theories to all parts of the world and to all populations alike. They would govern the Saxon race of Kent and the Chinese on the same principles, and would think it wrong to meet the exigencies of each separate community with legislation adapted to its local requirements.

15. I need scarcely say that no such policy has been countenanced by this Government. On the contrary, I and my Executive Council have from the first felt it a positive duty to admit the existence of the two evils alluded to and to frankly acknowledge that we cannot suppress them. We feel, consequently, more especially bound to exert ourselves to obtain a practical control over evils which we have not the power to eradicate, and thereby at least try to alleviate the mischiefs inseparable from each. I am therefore gratified to report that not merely has the new system been successful in closing the old dens of iniquity and substituting for them houses regulated by strict government surveillance, but also that there is strong reason to infer, contrary to the prophecies not unnaturally indulged in at first, that the system has reacted beneficially on the parties more immediately reached by it.

Appendix (C). 16. Thus, contrary to general expectation, and far exceeding any hope of my own, you will find from the Return, which I now lay before you, that the crime which seemed most likely to have increased is that which has most diminished, namely, larceny amongst servants. During the first quarter following the opening of the licensed houses the number of those cases brought before the police magistrates averaged the same as in the preceding three years, viz., about 80, whereas during the first quarter of this year they had diminished 50 per cent., and during the second quarter 75 per cent.

17. Recently

17. Recently all foreigners have been excluded from the licensed houses, because the argument that licensing a few houses had been found essential to obtain control for police purposes over a vice amongst the Chinese—which after the most vigorous efforts the Executive could not suppress—is not applicable to foreigners, and therefore affords no justification for permitting them to use the licensed houses, because it is not foreigners who constitute the criminal classes of the Colony. There is no risk therefore of their gambling tendencies leading to the establishment of illegal haunts where burglaries and robberies may be planned by those who meet in such places in defiance of the law.

18. I must add that, although it is true the houses were originally licensed without any intention of encouraging foreigners to go there, I am nevertheless now surprised that it did not sooner occur to me to rid the licensing system of this its least defensible feature, and it appears strange that no one else, so far as I am aware, made the suggestion earlier.

19. When I had once become convinced of the propriety and saw the possibility of excluding foreigners, I was quite prepared to make the most liberal abatement to the licensees of the fees which they were then paying, viz., 13,000 dollars per month. I would willingly have reduced them to 10,000 dollars or 8,000 dollars, or to *any other* amount which might be proved necessary to compensate them for the loss entailed by the exclusion of foreigners. Just then, however, the close of the first year of the operations of the licensees was approaching, and some disputes unexpectedly arose between them and their agents when settling accounts, which led to the discovery that, so far from losing, as they had endeavoured to prove, they had, through the many reductions which I had made in their fees, been gainers during the past year to an extent beyond the legitimate amount which the exigencies of the system justified. At the same time, offers were made to Government to take up the business by men of equal capital, and one offer based on most excellent security and with the understanding that foreigners were to be excluded, amounted to 240,000 dollars per annum.

20. Nevertheless the experience acquired by the old licensees, their readiness to expend money in detecting returned convicts, and the effective assistance which they had given the police generally, made me unwilling to change them for parties less experienced. The old licensees, therefore, continue the business, but instead of a reduced fee of 10,000 dollars per month they pay a fee of 18,000 dollars.

21. Thus one more is added to the numerous list of unexpected and improbable results, which the working of the experiment has developed. In fact, my own Despatches on the subject are throughout filled with similar reversals of previous calculations, and perhaps I am now about to add one more to the series when I express the opinion that, if foreigners be excluded, as under any circumstances must be the case, the fee of 18,000 dollars per month will not leave the licensees a sufficient profit to make them as careful as is requisite to retain it by attention to the Government regulations.

22. These explanations, which moreover have a special interest of their own, have become necessary, because the Council should know why the license fees for the estimates of the ensuing year are not computed on the basis of so high a figure as they now reach monthly. On the contrary, the estimate of the receipts for 1869 has been left by me at 156,000 dollars per annum, being the amount computed when the calculations were entered into several weeks back. At present the probability is that the amount named will be exceeded, but the uncertainty attending the subject is too great to justify an alteration of the original estimate.

23. Whether I myself, or the Council, or a portion of the community, approve or object to the receipt of any income from such a source, the fact that it has nevertheless irrepressibly thrust itself into, and may for some time constitute part of, your annual revenue till a better system be devised to accomplish equally useful results, entitles the Council to the fullest details connected with it.

24. Such a revenue, therefore, is a necessary item in your financial calculations simply because it exists, and therefore must be dealt with in some way, but it does not follow because you must deal with it, or because it exists, that your object has been to create such a revenue. That is a common misrepresentation of the purpose of myself and my Council, but it can have no logical force till it be shown that our object could be equally well accomplished in some other way unproductive of revenue with which we are acquainted and which nevertheless we refuse to adopt.

25. It probably answers however the purpose of those who use the argument and who know very well that most people take no trouble to master the tedious details of a complicated question, but as a general rule accept the popular theory that all who adopt a policy which creates a revenue, do so for the sake of that revenue. Such an inference holds good in most cases, because money is the most general object of men's pursuits, but in what way such a theory can be applicable to myself or my Council is not shown. To make the argument conclusive we should be proved interested in drawing a revenue from gambling licenses, whereas none of us can have the slightest possible interest in the matter beyond our desire in discharge of a duty to the public to choose the least objectionable evil, whilst personally I prefer to raise by increased taxation whatever additional revenue may be wanted for purposes that cannot be dispensed with.

26. I have only to add before quitting this subject, that current ideas as to the abstraction
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tion of large sums from regular commerce, by either losses or gains at the new play houses, have little or no real foundation. The probability is that in former times there was quite as much play as at present, whilst whatever be the profits now, they are acquired by men of substance engaged in general trade, and are only so much added to their commercial capital. The fees paid to the Colony are also destined to aid rather than impede progress, unless they be unwisely expended.

Appendix (D).

27. The other new branch of revenue, viz., that derived from stamps, has been estimated at 100,000 dollars, but I apprehend that the receipts from this source may fall short of even that limited amount. The Return which I lay on the table shows that the alteration effected by the recent Ordinance, No. 7, of this year, has hitherto not materially affected receipts from stamps, but the general stagnation of trade has obviously an unfavourable effect on revenue derived from the number and amount of business transactions. As however the Ordinance appears to work at present with as little inconvenience to the commercial community as can be expected from a law imposing a new tax, I am unwilling to expand its operation so long as the finances of the Colony do not require such aid more imperatively than at present.

28. I shall not detain you longer with details affecting the revenue side of the proposed estimates, except by calling attention to a slight diminution in the receipts expected from the harbour department. This arises from the lower scale of fees exacted now under the Harbour Ordinance of 1866, and not from any expected decrease in the number of vessels frequenting the port. It never has been the desire of Government to make a surplus revenue from that source, and the success of the ordinance in removing from the Colony the most dangerous characters, and pirates, permits now some relaxation of the restrictions hitherto maintained over the movements of native craft in the waters of the Colony.

29. Turning now to the expenditure side, you will find that notwithstanding the efficiency of every department is provided for more effectually in the estimates before you than had ever before been contemplated, there would appear to be a decrease on your estimated expenditure, 828,000 dollars for 1869, as compared with that originally proposed for this year, viz., 894,000 dollars.

30. On public works and buildings it is proposed to expend no less than 155,500 dollars as compared with the 65,500 dollars, which Her Majesty's Government finally sanctioned for the current year, which latter amount however will probably be exceeded.

31. The expenditure on roads, streets, and bridges, however, is diminished from 105,000 dollars to 69,000 dollars, but includes once more 23,000 dollars for the road to the gap, which has already appeared more than once on your estimates, but never been carried through, owing to want of funds available at the time. A similar observation applies to the proposed reclamation of ground near Bowrington, for which the same vote is proposed as in former years, viz., 10,000 dollars.

32. It would however be most inconvenient, if I were to attempt to explain now every item of expenditure. It is very desirable you should have the fullest explanations on each, but the details could not be compressed within the reasonable limits of an address, such as this.

33. I invite attention, however, to some entirely new items, such as that of 15,000 dollars for good conduct pay and special services of the police. Till my efforts to obtain a superior class of European police shall be more successful than hitherto, I object to an indiscriminate raising of the salaries of the different classes, though, as you will perceive, a considerable addition has been made in that way also. I prefer holding out special inducements for learning Chinese and rewards for such services as may exhibit unusual intelligence and activity.

34. The Government has at least learned by the experiment recently instituted, that the magnitude of the sums at the disposal of the gamblers would render a contest with them hopeless on the part of the Government for prevention of police corruption by the mere raising of salaries. It would probably only lead with men of that class to the acceptance of bribes in addition to increased salaries. Therefore, the present system which entirely removes the possibility of such corruption as once prevailed seems preferable.

35. The item of 7,000 dollars for the fire brigade is also new, but will not nearly cover the outlay for that body, because much of the heaviest and most necessary expenditure, such as that for fire engines, will have to be defrayed this year, and must be therefore provided for in the supplementary estimates.

36. There is also an item of 40,000 dollars for the expense of construction and maintenance during 1869, of a colonial steamer and a steam launch. As you are aware, the duty of visiting the various out-stations of the harbour master round the island has been hitherto discharged by means of a junk fitted for the purpose. Her want of speed and seaworthiness greatly impaired the effective character of her services, and has been a serious drawback to the working of the coasts and harbour ordinance.

37. Above all there is no doubt that a vessel of that class was very unsuitable to the position of the Colony. Her retention therefore so long in the service was only justified by the consideration that the duty could not be deferred but had to be carried out in some way,

way, and as the Colony at the time was unable to afford a more suitable vessel, there was no option in the matter. At present this Government can provide a suitable vessel without being guilty of any undue extravagance whilst the recent movements of foreign cruisers about the island, and the erection of a cordon of customs' stations round the Colony, are additional reasons why a less discreditable vessel should be procured without delay.

38. The expediency of doing so was considered by myself and the Executive Council, and appeared to us sufficiently obvious and urgent to justify me in ordering an appropriate vessel to be constructed. So far there was no probability of there being any difference of opinion—but when at a second meeting of the Executive Council it was urged on me that unless such vessel was fitted with steam engines she would not be suitable to the wants of the Colony, I felt that the additional annual cost entailed by the pay and maintenance of an engineer, expenditure of coals, &c., could only be justified by the previous sanction of this Council.

39. Therefore, if you agree with the members of the Executive Council, you will pass the vote, whilst, if you differ from them, you can reduce it to such an amount as will leave you with a very desirable but less effective substitute for the vessel which you now possess, and which doubtless none of you wish to retain.

40. Provision has also been made for an assistant superintendent of the gaol, as I cannot but look forward with much anxiety to the consequences of the resignation, or even absence on leave, of the present very efficient superintendent, whilst I am also of opinion, an opinion strengthened by recent occurrences, that independent of such contingencies, one man cannot suffice for the maintenance and control of the discipline and economy of so extensive and troublesome an establishment. It is scarcely fair to expect it, and probably you will think with me that the public interests require an assistant from Europe of such experience and position as may qualify him hereafter for the duties which on the whole are now so ably discharged by Mr. Douglas.

41. An additional master is also needed for the central school, an institution now fulfilling all the purposes which could reasonably have been expected from it; whilst the daily attendance there is such as renders it altogether hopeless that two European masters can adequately discharge all the duties which they are obliged to undertake.

42. With these observations I leave the estimates for 1869 in your hands. I am quite aware that the form in which they are drawn up in conformity with instructions of Her Majesty's Treasury is not of a very simple or intelligible nature. On the contrary, I have always observed that the present form leads to very erroneous comments and conclusions; I need not however remind you that it is your privilege, I might almost say your duty, to obtain the fullest explanation on every matter connected with the disposal of the public funds.

APPENDIX (A).

RETURN of the Subsidiary Coins Received and Issued at the Treasury, from 21st to 30th September 1868, inclusive, beginning 17th September 1866.

Description of Coins.	Received.	Issued.	TOTAL Issued.	Description of Coins.	Balance Remaining.		TOTAL Balance.					
					Treasury.	Vault.						
	\$.	c.	\$.	c.	\$.	c.	\$.	c.				
Amount Issued as per last Return.	-	-	-	-	242,000	73	20 cent pieces	-	-			
20 cent pieces - - -	504	-	338	80	10	"	1,091	30	10,000	-	11,091	30
10 " " - - -	837	60	229	60	5	"	687	60	-	-	687	60
5 " " - - -	-	-	81	90	1	"	482	51	26,000	-	26,482	51
1 " " - - -	141	97	-	4	Mil	"	-	-	17,000	-	17,000	-
Mil " - - -	-	-	-	-								
	1,483	57	650	34			3,049	61	57,000	-		
TOTAL Issued to Date - - - \$.				243,251 07	TOTAL Balance on Hand - - - \$.				60,049 61			

Colonial Treasury,
Hong Kong, 1 October 1868. }

W. H. Alexander,
Acting Treasurer.

PAPERS RELATING TO

STATEMENT showing the Amount of all Funds in Custody of the Colonial Government.

	\$.	c.	UNAVAILABLE.	\$.	c.	\$.	c.
In Treasury - - - - -	25,229	61	Judicial deposits - - - - -	67,023	15		
In strong vault - - - - -	62,000	-	Deposit to credit of Sikh Police Force to pay their passage home when dismissed from Service - - -	1,688	-		
In bank at interest - - - - -	250,000	-	Licensed houses security - - - - -	18,333	33		
			Unavailable by reason of special difficulty in using them :-				
			Subidiary coins - - - - -	60,049	61		
						147,094	09
			Balance - - - - -			190,135	52
TOTAL - - \$	337,229	61		TOTAL - - - \$.		337,229	61

Colonial Treasury, }
Hong Kong, 1 October 1868. }

W. H. Alexander,
Acting Treasurer.

APPENDIX (B).

(Hong Kong, No. 80.)

Sir, Downing-street, 30 April 1868.

I HAVE to acknowledge the receipt of your Despatch, No. 439, of the 30th of January, respecting the regulation of gambling houses, and the revenue derived from them. The object of the Ordinance under which the money in question has been obtained is the "gradual control and ultimate suppression" of these establishments. This end must be kept steadily in view.

Your first step of regulating and licensing ought speedily to place you in full possession of the nature and extent of the gambling practised, and of the classes who pursue it.

The next step I presume must be the organisation of a trustworthy police, sufficiently numerous to deal with this great evil which has hitherto defied your efforts to check it.

It is clear from your former Despatches that the bribery and intimidation of the police has been the means by which your efforts have been mainly defeated. To combat these obstacles it is necessary that the police should be too well paid to be under any great temptation to corruption, and sufficiently numerous in all its various classes to have confidence in its own strength, and to overawe the ill-disposed from attempts at intimidation by the certainty of detection and punishment. And as the determined propensity of the Chinese to gambling, and the establishments which that propensity calls into existence, render it necessary to maintain a police far more expensive than would otherwise be required, I consider that the funds arising from the measures you have taken for the gradual control of the gambling houses by the licensing system may be properly applied to the organisation and payment of that force with which you are expected to accomplish the intention indicated in the Ordinance.

I have, &c.
(signed) Buckingham and Chandos.

Governor
Sir Richard Graves MacDonnell, C.B.,
&c. &c. &c.

APPENDIX (C).

COMPARATIVE QUARTERLY RETURN of Number of Cases of Larceny by Servants, from 1865 to 1868.

		Gambling Unlicensed previous to 15th September 1867.			Gambling Licensed subsequent to 15th September 1867.		
		1865.	1866.	1867.	15 September to 31 December 1867.	1 January to 31 March 1868.	1 April to 30 June 1868.
Convicted	- -	76	58	66	67	27	14
Discharged	- -	10	17	21	15	13	7
TOTAL	- -	86	75	87	82	40	21

27 July 1868.

J. Gardiner Austin,
Colonial Secretary.

APPENDIX (D).

COMPARATIVE STATEMENT of the REVENUE from 10th October 1867 to 7th January 1868, under the "Stamp Ordinance, 1866," viz., the first 90 Days of its Operation, and of the Receipts from 1st July to 28th September 1868, viz., the first 90 Days of the Operation of the "Stamp (Amendment) Ordinance, 1868."

Note.—The period from 1st July to 28th September is considered to be more productive of stamp duty than that from 10th October to 7th January, on account of its comprising part of the principal tea season.

Revenue for first 90 Days under "Stamp Ordinance 1866."	Revenue for first 90 Days under "Stamp (Amendment) Ordinance 1868."	Increase of Revenue under "Stamp (Amendment) Ordinance 1868," for 90 Days.
\$.	\$.	\$.
22,004.02*	23,219.33†	1,215.31

Average daily revenue under "Stamp Ordinance 1866"	- -	\$.	244.48
			365
Yearly Revenue	- * - -	\$.	89,235.20
Average daily Revenue under "Stamp (Amendment) Ordinance 1868"			257.99
			365
Yearly Revenue	- - -	\$.	94,166.35

* This includes the amount of duty on bank note circulation for the period stated, although under the law of 1866 it was only collected once in six months.

† This includes the duty on bank note circulation for June, July, and August, which under the law of 1868 is collected monthly.

The "Stamp Ordinance 1866" came into operation on the 10th October 1867, under the proclamation dated 28th September 1867.

The "Stamp (Amendment) Ordinance 1868" came into operation on the 1st July 1868, under the proclamation dated 23rd May 1868.

COMPARATIVE STATEMENT of the REVENUE from 1st April to 29th June 1868, under the "Stamp Ordinance 1866," and of the Receipts from 1st July to 28th September 1868, under the "Stamp (Amendment) Ordinance 1868."

Revenue for 90 Days under Old Law from 1st April to 29th June 1868.		Revenue for 90 Days under New Law from 1st July to 28th September 1868.	Increase under New Law.
	\$.	\$.	\$.
	26,760.25		
Less Revenue collected in June for items not liable to duty until 1st July -	3,974.73		
	\$.	23,219.33	433.81

Stamp Office, Hong Kong,
28th September 1868.

F. W. Mitchell,
Collector of Stamp Revenue.

Enclosure 2, in No. 5.

Dr.		THE SPECIAL FUND ACCOUNT.		Cr.	
RECEIPTS 1867 :		\$. c.		EXPENDITURE 1867 :	
Playhouse license - - - - -	76,000 -			Excess of police - - - - -	162,770 28
				Over 1866 - - - - -	121,279 11
				Balance - - - - -	41,491 17
					34,508 83
	\$.	76,000 -			\$.
RECEIPTS 1868 :				EXPENDITURE 1868 :	
Balance to credit, 31st December 1867 -	34,508 83			Excess of police - - - - -	173,148 22
Playhouse license - - - - -	191,166 66			Over 1866 - - - - -	121,279 11
					51,869 11
				First instalment of "Victoria" - - - - -	4,500 -
				Supervision for building ditto - - - - -	55 33
				Police stations - - - - -	5,482 67
				Education, sup. estimate - - - - -	202 82
				Alteration and addition to central school - - - - -	3,500 -
				Balance - - - - -	160,065 56
	\$.	225,675 49			\$.
RECEIPTS 1869 :				EXPENDITURE 1869 :	
Balance to credit, 31st December 1868 -	160,065 56	2 January -	Payment made to crews of "Preposterous" and "Victoria."		111 -
Playhouse license to 31st July - -	100,000 02	1 February	Ditto - - ditto - - ditto - - - - -		111 -
Ditto - - ditto 15th August - -	15,000 -	15 " -	Second instalment for "Victoria" - - - - -		5,500 -
Ditto - - ditto 15th September -	15,000 -	1 March -	Crews of "Preposterous" and "Victoria" - - - - -		164 21
		25 " -	Remuneration to G. J. Barber for superintending the constructions of "Victoria" and "Blanche."		270 -
		1 April -	Crews of "Preposterous" and "Victoria" - - - - -		178 70
		19 " -	Stores, &c., for "Blanche" - - - - -		150 47
		1 May -	Salaries to crews of "Victoria" and "Blanche" - - - - -		356 93
		1 June -	Ditto - - ditto - - ditto - - - - -		465 -
		9 July -	Allowance for extra services - - - - -		56 -
			Salaries and allowance to crews of "Victoria" and "Blanche."		529 -
			Native district Watchmen - - - - -		1,500 -
		16 " -	Gratuity to Maria Rozario, widow of the late sailor on board the "Victoria."		100 -
		19 " -	Balance of purchase-money of "Victoria" and "Blanche."		10,300 -
		26 " -	Fittings for the "Victoria" - - - - -		569 7
			Ditto, "Blanche" - - - - -		908 37
		2 August -	Superintendent of police, supervision Playhouse		242 50
			Wages and expenditure of "Victoria" and "Blanche"		1,171 86
		3 " -	Payments, account, Gup police station - - - - -		1,566 35
		12 " -	Registrar General for Chinese Hospital - - - - -		16 66
			Balance - - - - -		265,798 46
	\$.	290,065 58			\$.
				290,065 58	

GAMBLING HOUSES IN HONG KONG.

25

Dr.		THE SPECIAL FUND ACCOUNT—continued.		Cr.	
ESTIMATED RECEIPTS FOR 1869 :		ESTIMATED EXPENDITURE OF 1869 :			
	\$.	c.		\$.	c.
Balance to credit on the 1st September 1869.	265,798	46	Payments in aid of harbour master establishment.	10,000	-
Playhouse license from 15th September to 31st December.	52,000	-	Probable excess of educational expenditure over 1866.	4,400	-
			Probable excess of police expenditure over 1866.	70,000	-
			Estimated cost of engine for "Victoria"	15,000	-
			Estimated cost of payments for "Victoria" and "Blanche."	5,000	-
				104,400	-
			Transfer from Public Works Accounts of payments already made for works on the Estimate of 1869 :		
			Alteration and addition to central school.	2,246	50
			Verandah at No. 5 police station	1,304	34
			Police station at Gup	1,155	65
			Additional quarters for Gaol staff	1,006	08
			Gas-fittings for police quarters	400	24
				6,112	81
			Proposed payments for Works on the Estimate of 1869, and in course of erection, the same to be completed by 31st December :		
			Police station at Gup	3,278	-
			Additional quarters for Gaol staff.	10,000	-
			Preparing site for Chinese Hospital.	3,000	-
			Contribution to building ditto	15,000	-
			Telegraphic and police expenditure at Peak.	8,374	35
				39,652	35
				150,165	16
			Balance in favour of Special Fund on 31st December 1869.	167,633	30
	\$.	317,798 46		\$.	317,798 46

This statement varies from that of September 15th, in consequence of the withdrawal therefrom of certain charges then contemplated for works which have not been commenced.

Auditor General's Office, Hong Kong.
13 December 1869.

J. Gardiner Austin,
Acting Auditor General.

Enclosure 3, in No. 5.

Probable State of the SPECIAL FUND ACCOUNT on the 31st December 1869.

RECEIPTS.			PAYMENTS.		
	\$.	c.		\$.	c.
1867 Fees of playhouses - - -	76,000	-	1867 Towards police expenditure - - -	30,000	-
1868 Ditto - ditto - - -	191,116	66	1868 Ditto - ditto - - -	30,000	-
1869 Ditto - ditto to 31st December -	182,500	-	First instalment of "Victoria" - - -	4,555	33
			1869 Towards police expenditure - - -	30,000	-
			Second instalment of "Victoria" - - -	5,500	-
			Balance for construction of "Victoria" and "Blanche."	10,300	-
			Salaries of crews, fittings, &c., for ditto ditto -	8,157	14
			Chinese Hospital - - -	15,000	-
			Preparing site for ditto - - -	3,000	-
			Probable expenditure by crown agents on account of "Victoria."	15,769	54
				152,282	1
			Balance - - -	297,334	65
	\$.	449,616 66		\$.	449,616 66

23 November 1869.

J. Gardiner Austin,
Acting Auditor General.

— No. 6. —

(No. 22.)

No. 6.
Earl Granville,
K.G., to Governor
Sir R. G. Mac-
Donnell, C.B.
10 Feb. 1870.
* Page 13.

COPY of a DESPATCH from the Earl *Granville*, K.G., to Governor
Sir *R. G. MacDonnell*, C.B.,

Sir,

Downing-street, 10 February 1870.

† *Vide* House of
Commons Paper,
No. 409 of 1869,
pages 80 and 81.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 831,* of the 13th of December, in reply to the instructions contained in my Despatches, Nos. 159 and 165†, of the 7th and 8th October, relative to the appropriation of the funds derived from the licensed gambling-houses.

I have given my consideration to the two accounts enclosed in your Despatch, comparing the amount due from the general revenue to the Special Fund on the 31st December 1869, under my instructions with that expected to be due according to your proposed appropriation of the license fees; and in reply to your suggestion, that the Colony should not be called upon to repay the difference of \$ 129,701. 35, I have to inform you that I cannot sanction any further departure from the instructions already communicated to you, beyond the increase from 30,000 dollars to 50,000 dollars of the contribution towards the police expenditure of the Colony for 1869, which was made in my Despatch, No. 4,† of the 7th January.

‡ Page 12.

Though some of the sums charged against the fund in your second account appear to be open to question, I am prepared to accept them, so that the balance to the credit of the Special Fund at the end of 1869 will be \$ 277,334. 65.

I have, &c.
(signed) *Granville*.

— No. 7. —

(No. 854.)

No. 7.
Governor Sir R. G.
MacDonnell, C.B.,
to Earl Granville,
K.G.

21 Jan. 1870.

EXTRACT from a DESPATCH from Governor Sir *R. G. MacDonnell*, C.B., to the Earl *Granville*, K.G.; dated Government House, Hong Kong, 21 January 1870.

(Received 14 March 1870.)

(Answered, No. 45, 21 March 1870, page 27.)

* *Vide* House of
Commons Paper,
No. 409 of 1869,
page 81.

THE "Victoria" is no longer maintained by the Colony, because immediately on receipt of your Lordship's Despatch, No. 165,* of the 8th October last, I gave the master and crew a month's notice, and paid them off on the 1st instant, when they had moved the vessel to the docks at Whampoa, where she now lies, to be lengthened and have her engines fitted. The mere fact of more space being required in this climate to render the vessel workable in summer with such a boiler, under conditions at all consistent with proper sanitary considerations, requires enlargement of the hull, a point in no way adverted to by Mr. Reed. The expense of the alteration will probably be about 2,500*l*.

That sum is computed from the approximate estimate furnished by the Hong Kong and Whampoa Dock Company, which is probably the most competent to make the necessary alterations, and which had sent in the lowest tender. This, with the cost of engines, freight, and the original expense of building, will make the total cost of the vessel, when completed, about 8,000 *l*., for which sum the "Victoria" will be a new and exceptionally strong steamer, 260 tons burthen, teak built, coppered and copper fastened, with new boiler and engines, and thoroughly well found.

Owing to the very small amount, 16,000 dollars, originally paid for her construction, and whereby her builders lost nearly 9,000 dollars, the "Victoria" is a cheap vessel, and will be ample value for the above money. Nevertheless, in fitting her for her engines and the large boiler sent out for her, I must be regarded only as a steward for the property of others, and as merely doing what on the whole I think best for preservation of the vessel and her machinery till her destination be decided.

She

She has been built altogether at the cost of the Special Fund. What is now being done to her is also being done at the expense of that fund, because clearly the hull and engines cannot belong to different proprietors, and because the original cost of construction from the Special Fund of the police vessels was sanctioned by the Duke of Buckingham; a proposition about which I am anxious to hear that there can be no doubt, as otherwise I should not have thought of making such an outlay.

Vide Secretary of State to Governor, No. 176, of 23 October 1868, in House of Commons Paper, No. 409 of 1869, page 66.

The Colony retains and keeps up the steam launch, in preference to re-establishing a disreputable junk, as formerly, and unsuitable for rapid transport of police, but which this Government was compelled, by its bankrupt condition, to be content with at that time. The harbour-master and his staff can now employ the launch when not required by the police, and visit in her the different harbour stations. She is not very well suited, it must be owned, for such work, which requires the harbour-master to be absent frequently more than 36 hours at a time; whereas the launch is merely an open boat, without any accommodation for sleeping, or adequate protection against the weather. Nevertheless, the expense of maintaining the "Victoria," however useful and suitable, seems too great for the unaided resources of the Colony, and therefore this Government must be content to make the best of that which, if less suitable, is cheaper.

The "Victoria" has of late been much used for sailing round the island, and visiting the various Chinese revenue stations in the neighbourhood. There is little doubt but that her frequent cruises, and the occasional interchange of friendly communication with the better class of Chinese cruisers, have contributed to diminish the unwarrantable molestation of fair traders in our neighbourhood, so frequently resorted to for purposes of squeezing by the Lekin customs and salt cruisers. The "Victoria" has also increased by her cruises the general protection of commerce against attacks by small piratical boats from the mainland, which of late were growing more frequent than during the previous two years. In addition, she has enabled the harbour-master and his staff to maintain a very complete, because leisurely, supervision of the various harbour stations established round the island for the surveillance and registration of native vessels, whilst the Chinese had at all events become sensible that this Government did possess a comparatively efficient armed vessel for the patrol and protection of British waters.

Your Lordship may therefore suppose that I am reluctant to weaken the Executive by losing the services of such a vessel, especially when established at the cost of much labour and personal trouble. Nevertheless, whatever reasonable hope once existed of maintaining her from the ordinary revenue of the Colony, it can no longer be entertained now that Her Majesty's Government insists on the Colony's using its surplus savings, and something more, in repaying to the Special Fund certain expenditure incurred, in the opinion of Her Majesty's Government as now appears, without sufficient authority.

It will, therefore, be desirable that I be instructed as to your Lordship's wishes concerning the disposal of the "Victoria," which vessel may be expected back from Whampoa, completely finished, in less than two months from this date.

— No. 8. —

(No. 45.)

COPY of a DESPATCH from the Earl *Granville*, K.G., to Governor
Sir *R. G. MacDonnell*, C.B.

Sir,

Downing-street, 21 March 1870.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 854,* of the 21st January, reporting that the "Victoria" has been moved to the docks at Whampoa, for the purpose of being lengthened for the reception of the engines and boiler which were sent out from this country.

The expense of this alteration, about 2,500 *l.*, can be, as you suppose, properly charged to the Special Fund; but as the maintenance of vessel and crew from the

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same

No. 8.
Earl *Granville*,
K.G., to Governor
Sir *R. G. Mac-*
Donnell, C.B.
21 March 1870.
* Page 26.

same source has been disallowed, you ask for instructions as to the final destination of the "Victoria."

Unless the finances of the Colony should improve to such an extent as to allow of this charge being borne upon the ordinary revenue, I fear that the vessel must be sold, and the proceeds carried to the Gambling Fund.

I much regret that by the whole transaction so serious a loss should have been incurred.

I have, &c.
(signed) *Granville.*

— No. 9. —

(No. 871.)

No. 9.
Governor Sir R. G.
MacDonnell, C.B.,
to Earl Granville,
K.G.

17 Feb. 1870.

COPY of a DESPATCH from Governor Sir *R. G. MacDonnell*, C.B., to the
Earl *Granville*, K.G.

Government House, Hong Kong,
17 February 1870.

(Received, 8 April 1870.)

(Answered, No. 69, 7 May 1870, page 33.)

My Lord,

Vide Governor to
Secretary of State,
No. 831 of 13
December 1869,
page 13.

I HAVE already had the honour to acknowledge the receipt of your Lordship's Despatches conveying further instructions on the subject of licensing the houses for public gaming in the Colony, and I have now to report the action taken in obedience to the views of Her Majesty's Government on this matter.

2. I was able at an earlier date than had been anticipated to make the change necessary for giving effect to your Lordship's instructions in regard to the mode of issuing fresh licenses, as *Wo-Hang*, the firm holding the licenses under the old system, found it convenient to give notice of their desire to throw up the licenses, on the plea that their profits did not remunerate them for the expenses attending the undertaking. I was previously aware of the pecuniary failure of the speculation, as it must necessarily always be, so far as regards the holder of the licenses for the time being, and under other circumstances I would perhaps have made a proportionate reduction in the fees, as I learnt from the weekly reports of the Government Inspectors, and from other sources of information, that the number of persons frequenting the licensed houses had decreased, or, in other words, that gambling generally had diminished. Your Lordship's directions, however, were peremptory, and this Government was thereby obliged to incur the risk of procuring, by lottery, comparatively inexperienced men to carry on the duties connected with the licenses.

Enclosure, No. 1.

Vide Secretary of
State to Governor,
No. 159 of
7 October 1869,
in House of
Commons Paper,
No. 409 of 1869,
page 80.

3. The enclosed extracts from the Minutes of the Executive Council will explain to your Lordship the endeavours of this Government to follow precisely the plan laid down for granting the licenses. It was, in the first place, requisite to fix the total amount of fees at a sum which, while sufficiently remunerative to induce persons to tender, might yet be high enough to compel strict adherence to the rules and regulations made by myself in Council. Much previous inquiry suggested that the annual fee should be fixed at about 160,000 dollars, and ultimately the notice for tenders was fixed by the Council at 13,340 dollars per month.

4. Persons representing six companies sent in their names by the time mentioned in the Government notification, and the Council meeting soon afterwards took into consideration the propriety of admitting into the competition all or any of those tendering. For reasons recorded, three out of the six were excluded, and the lots were drawn for the remaining three in presence of myself, the Council, and the parties immediately interested. *Ng-Tsap-Ting*, whose name was first taken from the ballot box, was declared to be the successful competitor.

5. *Ng-Tsap-Ting* being before the Council at the time, I questioned him as to his ability to take over the licensed houses and commence operations therein on the date of the expiration of the old licenses. This he readily stated his intention and ability to do, and having satisfied the Council on this point, he was permitted to retire.

6. Having

6. Having thus carried out the letter of my instructions, I was resting in the hope that all probable contingencies had been provided for, when, during the evening of the day preceding that on which the licensed houses were to have been taken charge of by the firm of the new licensee, a memorandum by the Registrar General reached me, reporting that he had been visited by Ng-Tsap-Ting for the purpose of notifying the Government of his inability to complete his contract for opening the houses on the day fixed. The alleged reason for this breach of the understanding was based on the untenable and inexcusable position of his being unable to come to terms with Wo-Hang, the late licensee, for the houses specially prepared for the licensed gaming.

7. Nevertheless, on looking into the accounts; it appeared that Wo-Hang was claiming no more than he was fairly entitled to ask for his property, which he was perfectly willing to hand over to his successor, thus acting, as he has done all along, *bonâ fide* towards the Government. The new licensees, however, instead of deciding at once that they would not accept that offer, frittered away the time in vain attempts to beat down the price of the houses and their appurtenances, until at last they found themselves unwilling to conclude the bargain, and unable to open other houses by the day fixed by notification. All this had been going on without the knowledge of the Government until practically the last moment, when it became necessary to adopt other measures to ensure no break in the continuity of the Government policy as connected with an undertaking of that kind.

8. Reference to Wo-Hang enabled me to ascertain that, although his employés were to leave him on the morrow, their time of engagement having expired, they were nevertheless willing to continue at their posts, and that he and his firm would consent to carry on the business on certain conditions. Those conditions were, that he should not be called on to give up the licenses except for some special breach of the Government rules, until after the drawing of one of the large lotteries (styled Wai-Sing, which, I understand, is a lottery of the names of candidates for honours at the annual examination in Canton), and which is to take place about August next. This was stipulated because the issue of tickets commences as early as May, and therefore it was necessary to arrange beforehand that the lottery should be carried out in a *bonâ fide* manner towards the public ere any tickets were issued. In a pecuniary point of view, this lottery compensates in some measure for the inadequate return which I am happy to say the licensed houses are beginning to afford.

9. Having taken the opinion of the members of my Executive Council, I decided, with their concurrence, as the state of affairs was so exceptional and so unforeseen, to accept Wo-Hang's offer. He is now, therefore, in possession of the licenses granted under the provisions of the Rules and Regulations, a revised copy of which I enclose for your Lordship's information.

Enclosure, No. 2.

10. I regret, however, that, as above explained, my endeavours were not more successful to give effect in their integrity to your Lordship's instructions. I was disappointed to find myself compelled, at the eleventh hour, to abandon the arrangement arrived at, and resume relations almost the same as those previously existing with the late licensee. Two things, however, resulted from the experience gained by the proceedings herein detailed, viz., (1) That on future occasions, and before any lots are drawn, it will be advisable to cause persons tendering to enter into a bond secured by adequate sureties for the due fulfilment of their proposed engagement with the Government; and (2) that the licensed houses, specially prepared for gaming, should be valued by the outgoing licensee and uninterested parties, when, the value being fixed, the acceptance thereof by the incoming licensee should be a condition of the contract.

11. It was nevertheless a source of satisfaction to this Government that I was able, when so closely pressed for time, to place the licenses in the hands of a firm which had deserved well of the Executive for the activity and zeal displayed in assisting, and, as it were, supplementing the police force of the Colony. I will not lengthen this Despatch by any details on this point, and will merely mention that I thought it right to inform Wo-Hang before my Executive Council of my appreciation of the generally efficient and satisfactory manner in which his firm had acted.

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12. I have

12. I have now only to hope that your Lordship will approve the temporary arrangement arrived at in this matter, although for the next few months unforeseen circumstances, as above explained, must prevent my giving complete effect to the instructions of Her Majesty's Government. Meantime, valuable experience has been gained, and the important principle of fixing beforehand the amount of fees has been adopted. At the next opportunity, the improved regulations for drawing lots will be inaugurated, whilst so far as our experience has gone there seems no reason, with the precautions indicated, to anticipate any further difficulty in giving complete effect to your Lordship's wishes.

I have, &c.
(signed) *Richard Graves MacDonnell*,
Governor.

Enclosure 1, in No. 9.

Encl. 1, in No. 9. EXTRACT from the MINUTES of the Executive Council of *Hong Kong*, held on the
11th January 1870.

Present.

His Excellency, Governor Sir Richard Graves MacDonnell, C.B.
His Excellency, Major General Whitfeild, Commanding Her Majesty's Troops.
The Honourable J. Gardiner Austin, Colonial Secretary.
The Honourable Julian Pauncefoot, Attorney General.
The Honourable Cecil C. Smith, Registrar General.

Absent.

The Honourable W. H. Rennie, Auditor General, absent on leave.

The Council meets this day at 2.30 p.m., by special summons.

Secretary of State
to Governor, No.
159, of 7 October
1869. *Vide* House
of Commons Paper,
No. 409, of 1869.
p. 80.

The Minutes of the Council held on the 27th November last, are read and confirmed.
His Excellency the Governor calls the attention of the Council to recent instructions received from the Secretary of State, directing the adoption of a new system of licensing gaming houses in Hong Kong, which should be either by lot or tender; provided that, before proceeding to draw lots or open tenders, it should be within the power of the Governor, with the advice of the Executive Council, to exclude tenderers who are apparently not proper persons to receive a license.

His Excellency then proceeds to state that the present licensees will give up their licenses on the 15th proximo, or sooner if allowed to do so, and that measures should therefore be timely taken to fix in Council the yearly amount of the licenses, and call for tenders.

Discussion follows, and, after deliberation, it is resolved that the total yearly fee be fixed at 160,000 dollars, and that notice be given to the public that tenders for the above amount will be received by the Government on the 20th instant, upon the express condition that the parties tendering should send in their names, and those of their sureties, before the tenders are opened.

The Honourable Cecil C. Smith is then requested to prepare the needful notification in English and Chinese, for submission to his Excellency.

EXTRACT from the MINUTES of the Executive Council of *Hong Kong*, held on the
14th January 1870.

Present.

His Excellency, Governor Sir Richard Graves MacDonnell, C.B.
His Excellency, Major General Whitfeild, Commanding Her Majesty's Troops.
The Honourable J. Gardiner Austin, Colonial Secretary.
The Honourable Julian Pauncefoot, Attorney General.
The Honourable Cecil C. Smith, Registrar General.

Absent.

The Honourable W. H. Rennie, Auditor General, absent on leave.

The Council meets this day at 2 p.m., pursuant to adjournment.

The Minutes of the Council held on the 11th instant, are read and confirmed.

His Excellency the Governor lays on the table a draught notice which had been prepared by the Honourable Cecil C. Smith, calling for tenders for the licensing of gaming houses
in

in Hong Kong, and the same is revised and approved; the monthly fees for the licenses being fixed at 13,340 dollars.

"The Honourable the Colonial Secretary is then requested to give publicity to the above notice, which is as follows:—

"Notice is hereby given that this Government is prepared to receive tenders for the houses to be licensed for public gaming in this Colony.

"The monthly fees are fixed at 13,340 dollars, and the licensees will be bound by the rules and regulations made by the Governor in Council, on and since the 12th September 1868, and of which copies can be obtained from the Registrar General's Office, and by such other rules as may from time to time be adopted by the Governor in Council.

"Persons tendering must hand into the Registrar General on or before noon of the 24th instant, a list showing the names, occupations, and residences of all those proposing to share in the licenses. Due inquiry having been then made, those not considered valid or satisfactory will be set aside by the Governor in Council, and lots will then be drawn among the remaining competitors.

"The successful tenderer will take charge of the licensed houses on the 1st proximo.

"By command,
(signed) "Cecil C. Smith, Registrar General.

"Registrar General's Office, Hong Kong, 14 January 1870."

The rules and regulations for the control of licensed gaming houses, which passed the Council on the 12th September 1868, are then laid on the table and revised; and it appearing that the exclusion of women from such houses, though virtually in practice, by order of his Excellency, since the 26th July 1869, had not as yet been made the subject of a special regulation; it is resolved that a new rule be added to the existing regulations, to stand as Rule 15, to the effect, that no women, of any nationality, shall under any pretext be admitted to any of the licensed houses.

The rules on the table being thus revised and amended, are approved by his Excellency, and ordered to be printed.

EXTRACT from the MINUTES of the Executive Council of *Hong Kong*, held on the 26th January 1870.

Present:

His Excellency Governor Sir Richard Graves MacDonnell, C.B.
His Excellency Major General Whitfield, Commanding Her Majesty's Troops.
The Honourable J. Gardiner Austin, Colonial Secretary.
The Honourable Julian Pauncefoot, Attorney General.
The Honourable Cecil C. Smith, Registrar General.

Absent:

The Honourable W. H. Rennie, absent on leave.

The Council meets this day at 3 p.m., by special summons.

The Minutes of the Council held on the 14th and 20th instant, are read and confirmed.

His Excellency the Governor lays on the table the report of the Honourable Cecil C. Smith, Registrar General, on the tenders received for the gaming houses licenses to be issued from the 1st of February 1870; and the Council proceeds to consider the qualifications of the parties tendering, who are found to be six in number. (C. S. O. 241, of 24 January 1870.)

After deliberation, the Council advise that tenderers Nos. 3, 5, and 6 be rejected, for the following reasons, namely:—

No. 3. Ng-Ü-Shan, and Lam-yan, because, though masters of good shops, they have no stake in the Colony, being possessors of neither houses nor land; and therefore cannot be considered as able to afford responsible security for so large an undertaking.

No. 5. How-San-In, Tse-shin, and Cham-chi, because the *first* man is only interested in a small druggist's shop, where also shoes are sold; the *second* is merely a clerk in a dyer's shop, and the *third* is a trader who has no fixed place of residence, but frequents the dyer's shop above named; and finally, because none of them are valid security for the undertaking, but are probably put forward by parties who desire to keep their names secret.

No. 6. Ng-Fow, because this man declined to give the names of his partners, notwithstanding continued warnings from the Registrar General to declare them.

And his Excellency adds, that he would certainly exclude him, not only for the above reasons, but also, and especially on account of his being the comprador at Government House,
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House, who should in no way be connected with the licensed houses. He also had probably been merely put forward by other parties desirous of remaining incog. themselves.

The Council, therefore, recommend that tenderers Nos. 1, 2, and 4, be selected for competition, they being as follows :

1. Wo-hang and Co.,
2. 'Ng-Tsap-ting and Co.,
4. Hing-kee and Co.,

each of the above representing the Hong or partnership making the tender ; and Wo-hang and Co. being the present licensees.

These men being in attendance, are called in by order of his Excellency who explains to them that six tenders had been received, but that, with the concurrence of the Council, theirs only had been adjudged qualified for competition by lot.

The names of No. 1, Wo-hang ; No. 2, 'Ng-Tsap-ting, and No. 4, Hing-kee, are then inscribed on pieces of paper properly folded, which are placed by his Excellency the Governor in a ballot box. The one with the name thereon of 'Ng-Tsap-ting is drawn by the Clerk of Councils, whereon, the Council declares him to be the successful competitor.

His Excellency in announcing the fact to 'Ng-Tsap-ting, warns him that he must take charge of the licensed houses, and pay in the caution money, on the 1st of February, according to the Government notification.

His Excellency, next informs Wo-hang that he thinks it right to express to him, on the part of the Government, his sense of the generally efficient and satisfactory manner in which his firm had discharged their duties in connection with the business of the licensed houses.

Wo-hang then thanks his Excellency for the compliment paid to himself and his firm, and the Chinese before the Council are permitted to retire.

(True extracts.)

L. d'Almada e Castro,
Clerk of Councils.

Enclosure 2, in No. 9.

Encl. 2, in No. 9.

LICENSED GAMING HOUSES.

RULES and REGULATIONS made by the Governor in Council, in pursuance of Section XVIII. of Ordinance No. 9, of 1867, as revised on the 14th January 1870.

1. No person shall keep any house, room, boat, or vessel, or any place on land or water, for public playing or gaming, or shall permit any person to play within such house, room, boat, or vessel, or any place on land or water, except in such places as are licensed by the Governor in Council ; and every such license so granted shall be revocable at the will and pleasure of the Officer Administering the Government, and shall be subject to such limitations as the Officer Administering the Government shall impose.

2. In the city of Victoria there shall not be more than 12 of such houses licensed for public gaming, and not more than one such house in Aberdeen, Stanley, and Show-kee-wan respectively, nor more than one such house at Kowloon.

3. Each house before being licensed must be approved as suitable by the Surveyor General, or the Assistant Surveyor General ; and each house shall not have more than one means of ingress and egress, and there shall be no means of escape by the roof.

4. Each licensed house shall have one registered proprietor, who shall be responsible for the proper conduct of the establishment under his charge, and such registered proprietor shall never sublet without the permission in writing of the Officer Administering the Government, or himself pay any sum to any other party on account of the profits receivable from such licensed house.

5. The registered proprietors of licensed houses having any representation to make to, or any business to transact with, the Government must do so by personal application to the Registrar General, as no attention will be paid to memorials or representations coming through third parties.

6. No party holding a license from the Government under these regulations, or having an interest in any such license, shall be at liberty to throw up his license, or relieve himself from the obligations entailed thereby, unless he shall give at least one clear month's notice to the Registrar General of his intention so to do.

7. The Captain Superintendent, Deputy Superintendent, and Assistant Superintendent of Police, and the Registrar General, and any persons authorised by the Officer Administering the Government to visit and inspect the licensed houses shall, at all hours of the day and night, have access to the said licensed houses.

8. For

8. For each licensed house there shall be issued a monthly license, and there shall be paid in advance such monthly fee as may be directed by the Governor; and in addition there shall be deposited in the Colonial Treasury a sum equal to the fees for one month, as a security for compliance with these regulations, and the whole or any part of the sums so deposited shall be liable to forfeiture for the use of the Colonial Government at any time, at the will and pleasure of the Officer Administering the Government.

9. The Officer Administering the Government may at any time order any or all licensed gaming houses to be closed either summarily and at once, or after such notice as the said Officer Administering the Government may direct; and in every case of a house being closed for breach of regulations, then so long as any licensed house or houses remain open, the Officer Administering the Government, for the purpose of preventing such irregularity operating to the advantage of any holder of a gaming license, may direct the monthly fees payable for the remaining licenses to be so increased that the total amount of fees receivable by the Government shall remain unaltered.

10. Playing in the licensed houses shall not commence before 6 a.m., and shall cease at 11 p.m., or earlier if so ordered by the Officer Administering the Government.

11. Not more than 7 per cent. discount shall be claimed by the proprietor of any house on the gains of the players.

12. No proprietor of a licensed house, or person connected therewith, shall on any account give money or articles of value, directly or indirectly, to any person in Government employ, either by way of reward, bribe, gratuity, or payment for service.

13. No persons other than those of the Chinese, Malay, and Indian races, shall be, unless authorised thereto under these regulations, permitted to enter any of the said licensed houses.

14. All licensed houses within these regulations shall be closed as hitherto on Sundays, and no play allowed therein on any pretext, under pain of forfeiture of license and deposit money.

15. No women of any nationality shall, under any pretext, be admitted to any of the licensed houses.

Approved in Council,

(signed) *Richard Graves MacDonnell*,
Governor.

14 January 1870.

L. d'Almada e Castro,
Clerk of Councils.

— No. 10. —

(No. 69.)

COPY of a DESPATCH from the Earl *Granville*, K.G., to the Officer Administering the Government.

Sir,

Downing-street, 7 May 1870.

I HAVE the honour to acknowledge the receipt of Sir R. MacDonnell's Despatch, No. 871,* of the 17th February, reporting the circumstances and conditions under which he had accepted Wo-Hang as the licensee for the houses set apart in Hong Kong for public gaming.

I must express my great surprise at Sir R. MacDonnell's omission to obtain security from Wo-Hang, which has led to one of the results which it was the object of my previous instructions to avoid. I cannot concur in his view that the risk of shutting up the gaming houses for a short time, was a sufficient reason for neglecting those instructions. It is now too late to disturb the arrangement entered into with Wo-Hang, but immediately after the drawing of the lottery referred to in the eighth paragraph of Sir R. MacDonnell's Despatch, the Colonial authorities must either shut up the Government gambling houses or act strictly in accordance with one of the two alternatives laid down in former Despatches—always bearing in mind the temporary character of the whole proceeding.

I am, &c.
(signed) *Granville*.

No. 10.
Earl *Granville*,
K.G., to the Officer
Administering the
Government.
7 May 1870.

* Page 28.

-- No. 11. --

No. 11.
Governor Sir R. G.
MacDonnell, C.B.,
to Earl Granville,
K.G.

7 March 1870.

(No. 878.)

COPY of a DESPATCH from Governor Sir R. G. MacDonnell, C.B., to the
Earl Granville, K.G.

Government House, Hong Kong,
7 March 1870.

(Received, 22 April 1870.)

(Answered, No. 67, 6 May 1870, p. 36.)

My Lord,

* Page 12.

1. I HAVE the honour to acknowledge receipt of your Lordship's Despatch, No. 4,* of the 7th January last, conveying several fresh instructions in connection with the special fund. Of those instructions the most important are:—

1st. The sanction of an increase of the contribution in aid of police expenditure from 30,000 dollars, to 50,000 dollars.

2nd. An order to credit the special fund with all receipts for interest on the accumulation of that fund.

3rd. To prepare revised estimates, both supplementary for 1868, and general for 1870, in lieu of those transmitted.

2. Already additional difficulty in dealing with subjects, which in themselves are not easy to arrange, appears to have been created by the long time consumed by the ordinary course of post, in the interchange of correspondence between this distant Colony and Downing-street. Suggestions from this Government, and instructions from your Lordship's department, have necessarily frequently crossed one another, and thereby added somewhat to complications which must perhaps more or less arise when the questions discussed are of so unusual and experimental a character.

† Page 13.

‡ Vide House of
Commons Paper,
No. 409 of 1869,
page 81.

3. It may therefore be useful at the present point in the correspondence to pause till all the suggestions from this Government which might possibly affect your Lordship's instructions shall have been received. It consequently seems expedient to await your Lordship's acknowledgment of my Despatch, No. 831,† of the 13th December last, because that communication contains the remarks and suggestions which your Lordship permitted, and apparently expected me to offer on the instructions conveyed in your Despatch, No. 165,‡ of the 8th October last.

4. Those remarks and suggestions have the full assent of my Executive Council, and I may add of the unofficial members of the Legislative Council, whom I consulted on the subject. Therefore, although I feel that practically this Government has been released from all responsibility, beyond that of yielding an implicit obedience to orders transmitted, it seems not merely prudent, but is I think also due to the members of Council to wait for some assurance from your Lordship on the subject, before submitting fresh appropriation Ordinances, otherwise such Ordinances might themselves require early modification, as would be the case now, owing to the instructions conveyed in the very Despatch at present under reply. I am moreover not at liberty to assume that suggestions offered in accordance with your Lordship's permission must be without weight.

5. In the absence therefore of any fixed general principle being announced as that which regulates the policy of Her Majesty's Government, in regard both to the present licensing system, and the funds accumulating therefrom, the next most desirable boon would be finality and positive explicitness of instructions. This rest-point however can only be attained by suspending all correspondence and suggestions from this side, and awaiting, as final, the instructions issued on a review of all the correspondence previous to the date of such break. I therefore trust your Lordship will approve this course.

6. Even so, several minor matters still appear to require readjusting; e.g., your Lordship still names 13,000 dollars as the amount contributed to the Chinese hospital, whereas 15,000 dollars was the contribution in aid, the Chinese having themselves raised over 40,000 dollars. Owing also to the miscalculations and delays of the Survey Department, the expense of preparing the site, another item which your Lordship's instructions would by implication throw on the Colony, is likely to

to reach 6,000 dollars instead of 3,000 dollars, the sum originally named by Mr. Moorsom. Individually, I see no good reason why the Colony should be charged with such expenses, more especially as they afford a mode, which commends itself to general approval, of diminishing, though slightly, a fund which is inconveniently accumulating. I confess that I should gladly receive instructions to devote 50,000 dollars more of that fund to the endowment of such an institution, as well for its own sake as to get rid of a large portion of the fund.

7. As your Lordship alludes to the subject of the Colonial vessels, and expresses a wish to have them "estimated and voted by the Council as a part of the ordinary Colonial expenditure," I think it as well to remark that there is no intention whatever of retaining in commission the Colonial steamer "Victoria," which, as soon as her construction is completed, by preparing her for, and fixing her machinery, will be brought back to this harbour, and laid up in ordinary to await your Lordship's instructions. Of the two steam launches sanctioned by the Duke of Buckingham, one only has been built, and she will be maintained by the Colony, as absolutely necessary both for police purposes and the duties of the Harbour Department. She requires merely a Chinese engineer and stoker on permanent pay, with an occasional crew of the water police to assist when she is used.

Governor to
Secretary of State,
No. 854, 21 January 1870, page 26.

8. The "Victoria" would no doubt be a highly useful vessel, and it is very unfortunate that this Colony is to be deprived of her services, but she would require a competent well paid commander and officers, with engineers, &c., and a permanent crew, expenses to which the unofficial members of Council are apparently opposed. It is moreover, an object which I cannot recommend at present, under the altered financial position of the Colony, if your Lordship insists on repayment of 129,000 dollars previously expended, under the idea that the funds so used were unconnected with and extra to the ordinary revenue of the Colony.

Governor to
Secretary of State,
No. 831, para. 15,
page 13.

9. I observe that your Lordship is at a loss to comprehend how, in my Financial Statement last year (para. 9), I arrive at 317,000 dollars, as the total receipts from the licenses, and I must admit that the paragraph in question is badly expressed. The amount stated to be due to the fund, or, in other words, likely to be expended till the end of December 1869, was put down as 140,000 dollars; and this, if added to 317,000 dollars, would have made 457,000 dollars, very nearly the same result as that arrived at by your Lordship.

10. There is, however, no room for any further confusion, as in my Despatch, No. 831, I have transmitted an estimate of the state of the special fund at the end of last year, under your Lordship's instructions, as they then existed, and also a similar estimate of the balance which would remain of that fund if the arrangements proposed by myself had been carried out. In the latter case, the balance would have been, in round numbers, only 317,000 dollars; in the former, 449,616 dollars; the difference exceeds 129,000 dollars, and is the sum which your Lordship proposes to take from the Colony now.

11. The new instructions just received would now require that the above estimates should be recast, though in the result there would be no very material difference, for although the Colony is suddenly ordered to be credited with a contribution-in-aid of 50,000 dollars, instead of 30,000 dollars, yet, on the other hand, the indulgence is limited to 1869, whilst it loses the deposit interest which it had been receiving, and which had seemed a natural commission for the trouble and responsibility of managing the fund.

12. On the whole, it becomes more evident that if it be possible to evolve some general principle as guiding and controlling all dealings with that fund, it is most desirable to establish it early; otherwise Her Majesty's Government must labour under great disadvantage, and be exposed to attacks and misrepresentations, whilst, *ad interim*, it can satisfy no party. I venture, therefore, to hope, that as I am compelled almost immediately by the state of my health to avail myself of your Lordship's kind permission to return to Europe, I may be permitted, when in England, to urge some more complete arrangement, whilst in the meantime a scrupulous adherence to your Lordship's instructions, such as

they may be when the suggestions in my Despatch, No. 831, have been considered, will, I trust, meet all the immediate requirements of the position.

I have, &c.
(signed) *Richard Graves MacDonnell*,
Governor.

— No. 12. —

No. 12.
Earl Granville,
K.G., to the Officer
Administering the
Government.

(No. 67.)

COPY of a DESPATCH from the Earl *Granville*, K.G., to the Officer
Administering the Government.

6 May 1870.

* Page 34.

† Page 26.

‡ Page 27.

Sir, Downing-street, 6 May 1870.
I SENT on the 4th instant, at 3.5 p.m., a telegraphic Despatch to Sir R. MacDonnell, in the following words: "Your Despatch, No. 878,* on Revenue is received. Act on mine of 10 February, which is final"; and I have only now to repeat that the instructions conveyed in my Despatches of the 10th February and 21st March, Nos. 22 † and 45, ‡ as to the application of the Gambling Licenses Fund, must be strictly adhered to.

I have, &c.
(signed) *Granville*.

— No. 13. —

No. 13.
Governor Sir R. G.
MacDonnell, C.B.,
to Earl Granville,
K.G.

(No. 898.)

COPY of a DESPATCH from Governor Sir *R. G. MacDonnell*, C.B., to
the Earl *Granville*, K.G.

Government House, Hong Kong, 4 April 1870.

4 April 1870.

* Page 26.

† Page 34.

‡ *Vide* House of
Commons Paper,
No. 409 of 1869,
p. 81.

My Lord, (Received, 20 May 1870.)
I HAVE the honour to acknowledge receipt of your Lordship's Despatch, No. 22,* of the 10th February last, in which your Lordship instructs me to credit the Special Fund at the end of 1869 with \$ 277,334. 65, an amount arrived at, I presume, by allowing the Colony credit for an increase of 20,000 dollars recently added to the contribution from the Special Fund to the local police, and so diminishing by that sum the balance of \$ 297,334. 65. otherwise demanded from the Colony.

As remarked, however, in my Despatch, No. 878, † of the 7th ultimo, there are several minor matters which will require to be re-adjusted. They can, however, stand over for the present; for in the absence of any guiding general principle, it is a boon to have some definite sum stated, even arbitrarily, as constituting the whole amount due to the Special Fund on any fixed date.

Of course when I speak of any sum as due to that fund, your Lordship does not suppose that the Colony has to seek the means wherewith to repay the amount; because the money is and has all along been in the chest, side by side with the cash balance of the Colony's current account.

As I observe that misapprehension on this subject exists in the public mind, especially since publication in England of part of the correspondence in reference to the Special Fund, down to your Lordship's Despatch, No. 165, ‡ of the 8th October last, I believe it may be expedient to lay the rest of the correspondence before the Legislative Council, as it so entirely disproves all rumoured financial difficulties of the Colony.

I may not, and it is most probable that I shall not, be able to lay the Estimates for 1871 before Council, or to prepare any fresh financial statement, though I intend trying, and indeed am most anxious to try, by a short vacation trip to Japan, to recruit sufficiently to enable me to prepare such a statement before availing myself of my year's leave. The publication of the further correspondence, in continuation of that already given by your Lordship to the public, will, however, materially assist in clearing up the position, even if I am unable to return here before proceeding to Europe.

I have, &c.
(signed) *Richard Graves MacDonnell*,
Governor.

— No. 14. —

(No. 903.)

COPY of a DESPATCH from Governor Sir *R. G. MacDonnell*, C.B., to the Earl *Granville*, K.G.

Government House, Hong Kong, 9 April 1870.

(Received, 6 June 1870.)

(Answered, No. 82, 15 June 1870, page 39.)

My Lord,

I HAVE the honour to transmit herewith an Ordinance, No. 3* of 1870, intitled "An Ordinance for establishing a Chinese Hospital, to be supported by Voluntary Contributions, and for erecting the same into an Eleemosynary Corporation."

2. The reasons influencing me in giving support to the erection of so useful an institution as this Chinese Hospital is likely to prove, have been entered into at such length that I need not detain your Lordship by repetition.

3. I have, therefore, but to refer your Lordship to the Attorney General's Report on the Ordinance, which gives at length all professional details and the reasons influencing the preference given by the Government to the establishment of the hospital by legislation in lieu of a trust deed. The conditions on which the hospital is to be maintained, and which entail forfeiture of the buildings and property under certain circumstances, are in substance the same as those which I reported in my Despatch, No. 726,† of the 21st June to have been then contemplated.

I have, &c,
(signed) *Richard Graves MacDonnell*,
Governor.

No. 14.
Governor Sir R. G. MacDonnell, C.B.,
to Earl Granville,
K.G.
9 April 1870.

* The Schedule
only printed.

Enclosure, No. 2.

Vide House of
Commons Paper,
No. 409 of 1869,
page 55.

Enclosure 1, in No. 14.

SCHEDULE to ORDINANCE No. 3 of 1870 "For establishing a Chinese Hospital, to be supported by Voluntary Contributions, and for erecting the same into an Eleemosynary Corporation." Encl. 1, in No. 14.

Leung Hok Chau.
Ho Fí In.
Lí Yuk Hang.
'Ng Chan Yeung.
Lo In Kí.
Ts'oi Lung Chí.

Chan Sui Nám.
Chan Ting Chí.
Wong Shing.
Yeung King Shek.
Ko Mún Wo.
Tang Kam Chí.

Enclosure 2, in No. 14.

REPORT of the Attorney General upon Ordinance No. 3, of 1870, entitled "An Ordinance enacted by the Governor of Hong Kong, with the Advice of the Legislative Council thereof, for establishing a Chinese Hospital, to be supported by Voluntary Contributions, and for erecting the same into an Eleemosynary Corporation." Encl. 2, in No. 14.

THIS Ordinance is one of considerable importance, and the charitable institution which is about to be established under it will no doubt prove a very great blessing to the Chinese poor.

It was originally proposed that the piece of land granted by Her Majesty should be vested in trustees, and that a hospital should be built and carried on under a trust deed; but it is obvious that the Chinese, from ignorance of our language and laws, would never, even with the best interpretation, have comprehended such a deed, and most probably disputes would soon have broken out among the more enthusiastic supporters of the charity. Another objection, purely of a technical nature, is the following: land is invariably granted in this Colony for a Crown lease of 999 years. If, therefore, the piece of ground in question were vested in trustees, the necessity would constantly arise (owing to the transient nature of the Chinese community) for the appointment of a new trustee; and much inconvenience attends this proceeding in the case of trustees of leaseholds, for in order that the property should become vested in the new and continuing trustees as joint tenants (which is indispensable, so as to ensure the "*jus ac crescendi*," or right of survivorship,) there must be unity of title. Upon every such occasion, therefore, it becomes necessary to execute two deeds, as there must be an assignment of the property to a provisional trustee upon

trust to re-assign it to the new and continuing trustees, so as to create unity of title. This inconvenience has been remedied lately in England by section 21 of 23 & 24 Vict. c. 35.

I therefore suggested that the hospital should be erected into an eleemosynary corporation, by Ordinance, and be managed by a board of direction, under proper supervision by the Government. This at once not only disposes of the technical inconvenience above referred to (as the land will now be vested in the corporation and their successors), but it places the institution upon an important and solid footing and enables the Government to exercise a power of control over its management which it would not otherwise have possessed.

The persons whose names are contained in the schedule to the Ordinance have been selected from among those who have taken the greatest amount of trouble in promoting the establishment of the hospital, and who are the largest donors to its funds, which amount already to nearly 50,000 dollars, irrespective of the Government donation of 15,000 dollars.

I have had a long personal conference and have also been in constant communication with these persons on the subject, through the Honourable Cecil C. Smith, the Registrar General, whose intimate knowledge of the Chinese language has enabled us accurately to explain to them every clause of the Ordinance, and also to understand their own wishes. They express themselves well satisfied with its provisions. They say that the establishment of a hospital by private contributions is quite a novel idea in China, and that it is taken up with great warmth by the Chinese residents of the Colony, who will no doubt esteem it a distinction to be upon the board of direction.

The persons named in the schedule will constitute a preliminary board of direction for the purpose of building the hospital, and framing rules, and fairly starting the institution. Their functions will cease in two years, when a permanent board will be formed, of which the members will be elected from time to time by the votes of the members of the corporation.

The committee desired that no member of the corporation should have more than one vote, whatever might be the amount of his subscription, and that the members of the permanent board should hold office for one year only. They have also fixed the money or subscription qualification for becoming a member of the corporation at 10 dollars. But with regard to all these matters, it will be seen that in case a change should be deemed advisable, it can be made under the provisions of Section IX, which moreover contains a valuable power for the expulsion of troublesome members, and for the refusal of undesirable ones.

While the general conduct and administration of the hospital will be confided to the board of direction, the latter will appoint a board of management, who will exercise the immediate personal supervision of its arrangements.

It being desired to interfere as little as possible with the administration, the board of direction will have to make their own regulations, subject to the disallowance of any of them by the Executive Council.

It is only when any change is desired in some cardinal or constitutional point that the consent of the Executive is made a condition.

It was thought desirable, however, to provide, that questions should be decided by a majority of votes, and for the President's casting vote; and, also, that questions of doubt or ambiguity in the construction of the Ordinance should be solved by the Governor in Council, in the same manner as similar questions are referred to the visitors of some corporations in England; this may avoid litigation.

Ample provision is made for inspection by public officers, for a public register for the keeping of accounts, and for the control of expenditure.

Lastly, a provision has been introduced, at the desire of his Excellency the Governor, that if the corporation should fail to carry out in a satisfactory manner the object and purposes of the ordinance the incorporation shall be repealed, and the property of the hospital, subject to the payment of debts, shall vest in the Crown.

The committee, although not apprehending any such disastrous termination of their institution, requested "a *locus penitentiae*," in the shape of six months' notice.

Under Section 3, the Board will have power to open a ward for patients who may desire to pay for their treatment. The committee think this will prove a great boon to many Chinese returning from California, and assist the funds of the hospital.

It will be seen that in framing this ordinance, I have made it as simple, as short, and as elastic as I could, having regard to the difficulties of the subject. I have endeavoured to vest in the Government ample power of control and supervision, and at the same time to avoid anything like vexatious interference, with an institution so purely Chinese. Simple means are also provided for effecting such changes in the constitution of the corporation as may be found desirable, after some practical experience of its working.

The institution will be a nucleus for the formation of a body of more experienced Chinese doctors than now exist in the Colony, and in that, as well as all other respects, there can be very little doubt that "The Tung Wa Hospital" will turn out a most useful and beneficent institution.

(signed) *Julian Pauncefoot*,
Attorney General.

6 April 1870.

(True copy.)

(signed) *J. Gardiner Austin*,
Colonial Secretary.

(No. 82.)

— No. 15. —

COPY of a DESPATCH from the Earl *Granville*, K.G., to the Officer Administering the Government.

No. 15.
Earl *Granville*,
K.G., to the Officer
Administering the
Government.
15 June 1870.
* Page 37.

Sir,

Downing-street, 15 June 1870.

I HAVE to acknowledge the receipt of Sir R. MacDonnell's Despatch, No. 903,* of the 9th of April, and to convey to you Her Majesty's gracious confirmation and allowance of the Hong Kong Ordinance, No. 3, of 1870, entitled "An Ordinance for establishing a Chinese hospital to be supported by voluntary contributions, and for creating the same into an eleemosynary corporation."

I have to direct you to express to the persons mentioned in the schedule of the Ordinance, my cordial recognition of the valuable assistance given by their personal exertions and very liberal subscriptions towards the establishment of this hospital, which I cannot doubt will prove a lasting benefit to the poorer class of their countrymen.

You will also convey to the Attorney General my appreciation of the trouble he has bestowed upon this important measure.

I have, &c.
(signed) *Granville*.

(No. 910.)

— No. 16. —

EXTRACT from a DESPATCH from Governor Sir R. G. MacDonnell, C.B., to The Earl *Granville*, K.G., dated Government House, Hong Kong, 12 April 1870.

No. 16.
Governor Sir R.
G. MacDonnell,
C.B., to Earl
Granville, K.G.
12 April 1870.

(Received, 6 June 1870.)

* * * * * It affords me very great pleasure to transmit to your Lordship the observations addressed by the Chief Justice to the jury at the close of the last criminal sessions, when the small number of cases in the calendar appear to have impressed his Honor, and led him to comment on the apparent great reduction of crime during my administration.

The remarks of the Chief Justice have since then received a most convincing and substantial corroboration in the report of the acting superintendent of police, Mr. Creagh, and in the criminal statistics for last year, which have been just completed. Your Lordship will find, on examining them, the extraordinary decrease in 1869, as compared with 1868, of 22·6 per cent. in serious offences, and 18·4 per cent. in minor offences, or a decrease altogether of 1,104 cases, the total of 1868 having been 5,705, and of 1869, 4,601.

Having myself taken a very active part in the surveillance of the police, and exercised daily vigilance in examining the reports of crimes, and ascertaining the steps adopted in all special cases for detection and punishment, I was anxious to compare the statistics of crime during the six months preceding my government and the six months of last year.

That return will be found in the abstract appended to the enclosed report, and shows, on a comparison of the two periods, the extraordinary decrease of 51 per cent. in serious offences, and 45·6 in all others, or an average decrease on the whole of 47·9.

This result is the more gratifying, as, on examining Appendix C., which gives the comparative quarterly returns of larceny amongst servants, it appears that, since the institution of licensed gambling houses in 1867, cases of that nature have been gradually diminishing, from a quarterly average of 80 and upwards till they fell to 10 cases last quarter, of which five were discharged.

I am not aware that the criminal statistics of any British Colony have ever shown so remarkable a decrease of crime in the same period.

I observe that in the "Daily Press" it has been suggested that the returns of crime are less merely because the facility of concealing crime is greater, a deduction wholly inconsistent with the marked general improvement in the police, and the removal of former most patent causes of corruption in that force. By the summary for the last mail the editor stated the general opinion to be that the decrease was only apparent, an assertion opposed to the statements of the Chief Justice, the Council, and the Bar, and for which there is not the slightest foundation.

Enclosure, No. 1.

PAPERS RELATING TO

Enclosure 1, in No. 16.

Encl. 1, in No. 16.

EXTRACT from the "China Mail."—Hong Kong, Saturday, 19 March 1870.

Supreme Court.—Criminal Sessions.—Saturday, 19 March.

(Before the Honourable Chief Justice Smale.)

THE business of the sessions concluded to-day, with the exception of giving sentences reserved. Before closing the court, his Lordship observed:—"The business of these criminal sessions has so far closed as that I am now able to discharge the jury. I must congratulate them on the great decrease of crime in the Colony. Some time since each calendar was, on an average, very large. Life and property were insecure. Robbery with violence on land, piracies on the sea, were frequent; they are now more rare. Something is due to the firmness and good sense of juries; but more is due to the energy of the Executive, of which, constituted as this Colony is, the governor is the life and soul.

"The calendar for this month of eight cases only, though it covers double the usual time in consequence of the vacation in February, is remarkable for absence of robberies with violence except in one case, and it is mainly made up of those offences which arise from the crimes and quarrels incident to the class of which the mass of lower orders here is composed. As I claim no merits for having brought about this state of things, it the more becomes me to make these observations at a time which I trust is not inopportune."

Enclosure 2, in No. 16.

(No. 40.)

Encl. 2, in No. 16.

GOVERNMENT NOTIFICATION.

THE following report from the acting captain superintendent of police for the year 1869, is published for general information.

Colonial Secretary's Office, Hong Kong,
11 April 1870.

By command,
J. Gardiner Austin,
Colonial Secretary.

(No. 68.)

Sir,

Victoria, Hong Kong, 30 March 1870.

I HAVE the honour to submit the crime return called for in C. S. O., No. 609, of 1st December 1869.

2. I also enclose the annual report of this department, with appendices, for the year ending 31st December 1869, and a comparative statement of offences reported to have been committed during the six months ending 31st December 1865, and the six months ending 31st December 1869; which was called for by his Excellency the Governor. From the latter it will be seen that not only have serious offences decreased 51·0 per cent., and minor offences 45·6, during these four years, but the working of the police, as tested by the percentages of persons convicted and discharged, has greatly improved.

3. During the present year the telegraph line has been commenced, the Gap and West-Point circuits are already finished, and before many days Captain Shaw expects to have the Shau'-ki-wan line complete.

4. The scheme which I proposed for the classification of the Chinese contingent came into force on the 1st instant. Besides resulting in a considerable saving to Government, the prospect of promotion, which did not before exist, will, I think, improve the working of the men.

5. Since the beginning of the year, I have increased the duty of men at out-stations from six to eight hours daily. During the Chinese new year the men in Victoria cheerfully performed eight hours work, and for 14 days two-thirds of the whole force was out from 10 p.m. until 6 a.m.; but the regular duty of men at head-quarters, who have drill, school, police court, fire brigade inspections, &c., to attend, cannot be permanently increased.

The Honourable J. Gardiner Austin,
Colonial Secretary,
&c. &c. &c.

I have, &c.
C. Vandeleur Creagh,
Acting Captain Superintendent.

Population of Hong Kong and British Kowloon, exclusive of shipping and boat population, 98,535.*

Strength of the police of all grades on 31st December, exclusive of water police, guards over gaols and other public buildings, and men employed on special duty, 385.

Proportion

* This is probably much less than the real number of inhabitants, but the figures have been taken from the last census return.

Proportion of police to population, one policeman to 255 persons.*

The crime returns for 1869, Appendices (A.) and (B.), compare very favourably with those for last and previous years.

From the subjoined statement it will be seen that serious offences have decreased 22·6 per cent., minor offences 18·4 per cent., and all crime 19·3 per cent., as compared with similar returns for 1868.

YEAR.	Serious Offences.	Decrease.	Minor Offences.	Decrease.	All Offences.	Decrease.
1868	1,249	- - -	4,456	- - -	5,705	—
1869	967	282	3,634	822	4,601	1,104

Only three of the five cases of murder reported during the year were committed in this Colony. In one the prisoners were brought here for trial, the crime having occurred on board the British barque " Nile " off Borneo.

Of the three cases which occurred in the Colony, the most atrocious were those of Mr. Holworthy, assistant superintendent military stores department, and of police serjeant Mahoney.

1. Mr. Holworthy was attacked when walking at mid-day on one of the hill-roads on 24th January; the object appears to have been robbery solely. Within two weeks information was received that the stolen property—a watch and chain—was in a Chinese district about 40 miles from Hong Kong. In May the names of the four men said to have been implicated in the murder were obtained, and in July and August two of them were arrested, and the watch recovered in Chinese territory, by the co-operation of Mandarin Chiên Táng. The two prisoners were subsequently tried, convicted, and sentenced to decapitation in Canton by the Chinese authorities, as there exist no means, under any treaty, of claiming the rendition of Chinese guilty of crime on British soil.

2. The murder of Police Serjeant Mahoney arose from a piratical attack on the village of Shau'ki-wan, by a party of 28 armed men who landed from a junk. They were observed by two Punjaabee constables on duty, who showed much courage in resisting them, and were both severely wounded. Serjeant Mahoney, hearing the report of fire-arms, hastened to their assistance; but appears to have been killed before he could use his arms. In this case four men were convicted and sentenced to death; but they were subsequently released, the principal witnesses for the prosecution having been convicted of perjury.

3. On the night of 18th February four armed men landed from a sampan in Deep Bay, and attacked a lonely hut which is situated close to the beach, and was at that time inhabited by a fisherman named Chü-a-Cheüing and his wife. In attempting to protect his property the fisherman received a wound in the neck, from which he died a lingering death in hospital. The robbers having ransacked the hut, and transferred the few articles worth taking to the sampan, shoved off, and were out of sight long before the woman, who made the report at the Stanley station, returned with the police.

In this case no clue has ever been obtained, nor, under the circumstances, was it from the first at all probable that evidence would be forthcoming, as all the parties implicated had so speedily escaped beyond the jurisdiction of the local courts.

4. Three Greeks were charged with piracy and murder in the neighbourhood of Shanghai, and were arrested, two by the local police in Hong Kong, and one by a Shanghai constable, in Macao. In consequence of there being no Greek consul in this Colony, these men were subsequently released by the Supreme Court.

5. There is a very remarkable decrease in kidnapping compared with the last and previous years, viz., 68 cases in 1867, 53 cases in 1868, against 7 cases reported during 1869. This may be partly attributed to the introduction of Ordinance 3 of 1868, which empowers the Supreme Court to award the punishment of whipping in addition to imprisonment, and also to a subsequent proclamation in the " Government Gazette " offering a reward of 20 dollars for evidence leading to conviction of this offence.

6. With the exception of drunkenness, which is almost entirely confined to foreigners, and which, I regret to say, has increased by 169 cases, i. e., 27·2 per cent. compared with last year, all minor offences show a large decrease.

7. *Prevention of Crime.*—The success of the police is so much enhanced by the deportation of old offenders, that every effort is made to arrest men of this class. In this we have received valuable assistance from the gaming-house licensees, who have during the past year caused the apprehension of 140 men, who were convicted under Ordinance 9 of 1857; most of whom had been previously branded and deported.

8. Assistance has also been received from the native district watchmen, who have brought up several cases during the year.

9. Night

* This proportion of police to the population is smaller than that which prevails in some Indian towns, where the duties are by no means so difficult.

9. Night patrolling, both on horseback and on foot, has been efficiently performed, and its value has been especially shown on the roads above Victoria, at Pok-foo-lum, and British Kowloon, where several daring robberies have been averted by the opportune arrival of the police.

10. The introduction of new Ordinances has doubtless reduced some serious offences; accidental circumstances may also have contributed to the temporary diminution of crime, but I consider that its steady decrease during the last four years may be reasonably accepted as proof that the exertions of the officers of this department have not been wholly futile; and that, as regards the prevention of crime, the chief purpose for which a police is maintained, the force has not been unsuccessful.

11. *Detection.*—The subjoined statement shows an improvement in the working of the police as tested by the per-centage of prisoners convicted and discharged. No reliable record has hitherto been kept of the number of cases traced, and the amount of property recovered by the police; but forms for this purpose are now being prepared.

OFFENCES.

SERIOUS.					MINOR.				
Year.	Persons Arrested.	Persons Discharged.	Number of Persons Convicted.		Year.	Persons Arrested.	Persons Discharged.	Number of Persons Convicted.	
			Total.	Number per Cent.				Total.	Number per Cent.
1868 -	1,422	517	905	63·6	1868 -	3,836	895	2,941	76·6
1869 -	889	285	604	67·9	1869 -	2,652	647	2,005	75·6

12. It is impossible to lay down any standard in detection below which the working of a police force can be justly condemned. Success in this respect must depend quite as much on external circumstances (such as the talent and dexterity displayed by the criminal classes, the natural features of the country, and the character of its natives) as on the ability and exertions of the police. As a remarkable illustration of this, I may refer to the present deplorable state of Ireland, where numerous agrarian outrages of the most daring character have hitherto baffled the ablest detective officers, so much so, that it was lately stated by Lord Cairns, in the House of Lords, that in Ireland, during the year 1869, out of 59 cases of murder, and other heinous offences, including 18 assassinations, in only one had the criminal been discovered and committed for trial. Here the dishonesty of the natives, on whom we have to depend for the detection of crime, renders it impossible to maintain an organised detective police. Indeed, if such a force did exist, I am of opinion that it would be of very little use, unless outposts could be maintained under European supervision, at different points in the San-On district, and in Canton and Macao; which, under existing circumstances, would of course be impossible.

13. There is ample evidence to show that the perpetrators of most of the serious offences which have occurred in this Colony were inhabitants of Chinese territory. Many daring crimes have been evidently planned beyond our jurisdiction. And, in most cases, precautionary arrangements were made by the depredators to secure a safe retreat before information could reach the police.

14. From Appendix (C.) it will be seen that larceny by servants has decreased in a very remarkable manner since the opening of licensed gaming-houses, the average number of cases reported per quarter during the years 1865, 1866, and 1867, being 82, compared with 25 during 1868, and 15 during 1869.

15. I take this opportunity of submitting a statement, Appendix (D.), of the working of the different members of the force, as tested by the number of persons arrested, convicted, and discharged; which was called for some months ago by his Excellency the Governor, but in consequence of Mr. Deane's illness, remained unfinished when he left the Colony on sick leave. This return shows the number of persons apprehended and the result of these arrests. In the water police, the European constable in charge of a boat invariably gets credit for all arrests, although in most instances he receives the information from Chinese lo-kongs. For this reason the statement cannot be relied on in the cases of Europeans and Chinese; but it is useful to show the comparative efficiency of the Sikhs and other Indian members of the force, in the performance of the most important duty of a municipal police.

16. In drawing this comparison it must be borne in mind that as yet the Sikhs have not had the same local experience as other members of the Indian force, and little opportunity has yet occurred for weeding out the worst men, as in the case of the Bombay and Madras constables, who have been selected from the large number of men brought on at different times from India; the worst men of each batch having been discharged on the expiration of their first term of service.

17. From

17. From Appendix (E.) will be seen the punishments inflicted on the force during the past year. No similar return was submitted last year, but I believe the conduct and discipline of the force to have considerably improved.
18. The Sikhs, than whom there are no braver or more reliable men in a critical emergency, are becoming better acquainted with their work, and many have already acquired a slight colloquial knowledge of Chinese, and are making good progress in English, being regular attendants of the evening class established by his Excellency the Governor.
19. Before suggesting any improvement in our present police system, or deciding as to the class of men best qualified to perform the work, it is necessary to consider what the nature of the duty really is—a point which does not appear to have received sufficient attention from some who have advanced opinions on the subject. For the efficient performance of municipal police duty in the town of Victoria, we undoubtedly require many more Europeans than we now possess; but I fear little advantage would be derived from increasing the number unless the pay was also enhanced, as that now offered is insufficient to induce many good men to join.
20. For duty at out-stations, patrolling hill roads at night, and guarding gaols and other Government buildings, an armed police is necessary; and for these and similar duties, I think it will always be found expedient to retain a large Indian element in the force.
21. I consider natives of the north of India more desirable for work of this kind than Europeans; they are equal in physical courage, much less expensive, and better able to endure the severity of this climate when night-work in the hot weather is involved.
22. In the stable we have had many casualties, four of the 11 Australian horses brought from Calcutta in March 1867, have either died or been destroyed, and one or two of the survivors have already shown symptoms of the apparently incurable rheumatism which seems peculiar to China, and which is frequently accompanied by a honeycombed exostosis on the posterior maxillary bones.
23. A large mess-room having been given up for the use of the school, the deficient accommodation, both for officers and men in the barracks, which was noticed in last annual report, is now felt still more severely. No stables have yet been built at Stanley, Aberdeen, or Shau'ki-wan, and those in the barracks are badly situated and inconvenient.
24. I am indebted to Mr. Willcocks for the attached report on the police school.

Police Barracks, 25 March 1870.

C. Vandeleur Creagh,
Acting Captain Superintendent.

ABSTRACT.

CASES.

Date.	Serious Offences.	Decrease.		Minor Offences.	Decrease.		All Offences.	Decrease.	
		Number.	Per Cent.		Number.	Per Cent.		Number.	Per Cent.
Latter half of 1865 - -	922	-	-	1,220	-	-	2,142	-	-
Latter half of 1869 - -	452	470	51·0	664	556	45·6	1,116	1,026	47·9

PERSONS.

SERIOUS OFFENCES.					MINOR OFFENCES.			
Date.	Arrested.	Discharged.	Convicted.		Arrested.	Discharged.	Convicted.	
			Number.	Per Cent.			Number.	Per Cent.
Latter half of 1865 - -	1,020	367	653	64·0	2,491	583	1,908	76·6
Latter half of 1869 - -	394	98	296	75·1	1,187	225	962	81·9

C. Vandeleur Creagh,

Acting Captain Superintendent.

COMPARATIVE RETURN of OFFENCES reported to have been committed during the latter Half of 1865, and the latter Half of 1869.

OFFENCES.

S E R I O U S.										M I N O R.								
DESCRIPTION.	Number of Cases.		Number of Persons.						Executions.		DESCRIPTION.	Number of Cases.		Number of Persons.				
			(Supposed) Implicated.		Convicted.		Discharged.							Implicated.		Convicted.		Discharged.
	1865.	1869	1865.	1869.	1865.	1869.	1865.	1869.	1865.	1869.		1865.	1869.	1865.	1869.	1865.	1869.	
Murder - - - - -	4	2	*14	*3	-	1	-	-	1	Assault - - - - -	515	348	*822	*682	528	528	284	153
Robbery, with violence, from the person.	33	20	81	55	26	7	5	3	-	Gambling - - - - -	110	49	252	72	231	63	21	9
Burglary and forcible entry -	24	28	? 34	57	6	7	1	4	-	Miscellaneous - - - - -	595	267	1,437	434	1,259	371	278	,63
Assault with intent to rob -	1	1	4	1	-	-	-	-	-									
Kidnapping - - - - -	32	1	35	1	10	1	20	-	-	Drunkness - - - - -	104	344						
Piracy - - - - -	16	9	?	?	19	-	20	-	-	Nuisances - - - - -	65	373						
Unlawful possession - - -	130	50	164	67	94	43	70	24	-	No pass or light - - - -	293	347						
Felonies not already given -	56	17	101	31	52	12	28	3	-									
Larceny - - - - -	626	324	749	393	446	225	223	64	-									
General Totals - - - - -	952	452	1,182	608	653	296	367	98	1	General Totals - - - -	1,220	664	5,511	1,188	1,908	962	583	225
Totals for 1869 - - - - -	452	-	608	-	296	-	98	-	-	Totals for 1869 - - - -	664	-	1,188	-	962	-	225	-
Difference - - - - -	470	-	574	-	357	-	269	-	-	Difference - - - - -	556	-	1,323	-	946	-	358	-
Decrease per centum - - -	51.0	-	48.6	-	54.7	-	73.2	-	-	Decrease per centum - -	45.6	-	52.6	-	49.5	-	61.4	-

* As it is impossible to ascertain with any degree of certainty the number of persons implicated in crime which has not been traced, these numbers cannot be relied on.

Police Barracks, Hong Kong. }
30 March 1870.

C. Vandeleur Creagh,
Acting Captain Superintendent.

APPENDIX (B.)

COMPARATIVE RETURN of OFFENCES coming under the Notice of the POLICE during the Years 1868 and 1869.

OFFENCES.

S E R I O U S.										M I N O R.											
D E S C R I P T I O N.				Number of Cases.		Number of Persons.				Executions.		D E S C R I P T I O N.				Number of Cases.		Number of Persons.			
						(Supposed) Implicated.	Convicted.	Discharged.	Implicated.									Convicted.	Discharged.		
1868.	1869.	1868.	1869.	1868.	1869.	1868.	1869.	1868.	1869.	1868.	1869.	1868.	1869.	1868.	1869.	1868.	1869.	1868.	1869.		
2	5	10	?	1	5	2	2	-	-	-	-	882	677	1,502	1,275	1,099	969	411	296		
41	49	92	138	16	9	15	8	-	-	-	-	181	151	577	281	389	228	188	53		
76	62	165	111	38	11	13	9	-	-	-	-	1,049	584	1,773	1,196	1,453	808	296	298		
4	2	10	2	4	-	4	-	-	-	-	-	451	620	-	-	-	-	-	-		
68	7	93	10	38	9	37	1	-	-	-	-	1,000	811	-	-	-	-	-	-		
21	13	?	?	9	1	14	17	-	-	-	-	803	791	-	-	-	-	-	-		
13	?	?	?	1	1	17	76	-	-	-	-	-	-	-	-	-	-	-	-		
215	131	285	174	172	98	119	25	-	-	-	-	2,344	2,222	-	-	-	-	-	-		
17	51	32	86	11	37	17	17	-	-	-	-	2,112	1,412	-	-	-	-	-	-		
805	647	1,110	783	610	434	302	147	-	-	-	-	-	-	-	-	-	-	-	-		
General Totals	967	1,797	1,304	905	604	517	285	-	-	-	-	4,456	3,634	3,852	2,752	2,941	2,005	895	647		
Totals for 1869	967	1,304	-	604	-	285	-	-	-	-	-	3,634	-	2,752	-	2,005	-	647	-		
Difference	-	493	-	301	-	232	-	-	-	-	-	822	-	1,100	-	936	-	248	-		
Decrease per centum	22.6	27.4	-	33.2	-	44.8	-	-	-	-	-	18.4	-	28.6	-	31.8	-	27.7	-		

Police Barracks, Hong Kong. }
25 March 1870.

C. Vanleleaur Creagh,
Acting Captain Superintendent.

APPENDIX (C.)

COMPARATIVE QUARTERLY RETURN of Number of Cases of LARCENY by SERVANTS from 1865 to 31 March 1870.

Gambling Licensed subsequently to 15 September 1867.											
1865.		1866.		1867.		1868.		1869.		1870.	
Average per Quarter.		15 September to 31 December.		1 January to 31 March.		1 April to 30 June.		1 July to 30 September.		1 October to 31 December.	
Convicted	76	58	66	27	14	7	10	9	10	13	5
Discharged	10	17	21	13	7	7	12	7	5	2	5
TOTAL	86	75	87	40	21	17	22	16	15	15	10

Victoria, Hong Kong, 7 April 1870.

C. Vanleleaur Creagh,
Acting Captain Superintendent.

APPENDIX (E.)

SHOWING Punishments inflicted on Members of the FORCE by the JUDICIAL and POLICE DEPARTMENTS during the Year 1869.

Nationality of Constable.	Average Strength (including all Grades).	PUNISHMENTS INFLICTED.													
		By Magistrates.								Departmental.		Total.		Average per Man.	
		1. Biting False Charge. 2. False Evidence. 3. Perjury.	1. Larceny. 2. Extortion.	Bestiality.	1. Assault. 2. Using Violence to Prisoner.	Allowing Prisoner to Escape.	Misconduct.	Fines.	Imprisonment.	Fines.	Imprisonment.	Fines.	Imprisonment.	Fines.	Imprisonment.
Number of Persons Convicted.								Dols. c.	Yrs. dys.	Dols. c.	Days.	Dols. c.	Yrs. dys.	Dols. c.	Days.
Europeans -	114	-	1	-	2	-	5	160 50	- 210	449 45	37	609 95	- 247	5 35	2.2
Sikhs -	206	2	-	*1	4	1	-	38 -	- 60	449 90	32	487 90	- 92	2 36	0.4
Indians -	110	1	1	-	2	-	1	70 -	†5 180	271 10	44	341 10	5 224	3 10	18.6
Chinese -	208	3	5	-	1	-	1	10 -	‡4 30	183 -	-	193 -	4 30	- 93	7.2
Totals -	638	6	7	1	9	1	7	278 50	10 115	1,353 45	113	1,631 95	10 228	2 56	6.0

* One—Imprisonment for life. † One—Imprisonment for 5 years; larceny. ‡ One—Imprisonment for 3 years; perjury.

Police Barracks, 24 March 1870. C. Vandeleur Creagh, Acting Captain Superintendent of Police.

APPENDIX (F.)

Sir, Central School, 14 February 1870.

1. In compliance with your request, I beg to submit the following report on the police school, for the year ending 31st December 1869.

2. The classes were opened on the 1st October 1869.—Present,	Within a fortnight, these numbers increased to
Europeans - - - 8	Europeans - - - 22
Indians - - - 21	Indians - - - 47
Chinese - - - 22	Chinese - - - 32
Total - - - 51	Total - - - 101

3. At first an endeavour was made to teach each race apart; but owing to the diversity of the men's attainments, the staff at my disposal, which under ordinary circumstances was ample, would not admit of it.

4. On the 14th October, the most advanced of the Indians and Chinese were sent into the Europeans' class. The Europeans objected to their being there, asserting that to have to sit at the same table with Indians and Chinese would lower them in the eyes of these people. Argument having failed to convince them to the contrary, they left almost in a body.

At the end of the year they had fallen off to four.

5. Of the Indians, as pupils, I cannot speak too highly. If I may use such an expression, most of them are "greedy" for instruction. This is shown in many ways; for instance, they carry their book always with them, so as to occupy their spare time in reading. Whenever they can make friends with any of the European children, they embrace the opportunity of getting a lesson from them. Consequently their progress, for the time they have been under instruction, is considerable.

The number of Indians attending school on the 31st December was 42.

6. The Chinese class has greatly disappointed me. At the beginning, I was inclined to believe it would have been a success, whereas it has been just the contrary. Two causes have produced this effect:

1st. The

1st. The men were under the impression that English could be acquired with very little labour on their part. As a rule, they did not care to learn either *reading* or *writing*, but wished to be taught "pidgin English." This, of course, could not be complied with, consequently some left.

2nd. At the end of the year a reduction was made in the number of Chinese employed in the police force. Some of the men attending school were among the number discharged.

At the end of the year the number in the Chinese class was reduced to 10.

7. Attendance of the 31st December 1869 :—

Europeans	-	-	-	-	-	-	-	-	4
Indians	-	-	-	-	-	-	-	-	42
Chinese	-	-	-	-	-	-	-	-	10
Total									56

8. The class rooms are large, well ventilated, and well lit with gas.

9. The school materials, which have been borrowed from the Government Central School, are good.

10. In spite of the breakdown of the European and Chinese classes, I cannot think that the money so generously given for the education of the police, is wasted. I feel convinced that it will produce a good effect upon the character and usefulness of the force. If it does nothing more, it keeps 56 men from idleness, and retains a large portion of that number in the police barracks, where their services are always available in cases of fire and other emergencies.

11. In conclusion, I have to thank all the officers of the police force for the readiness with which they have furnished me with all I have required, and for their constant support in assisting me in carrying on my duties.

I am, &c.
(signed) *Edward J. R. Willcocks.*

C. V. Creagh, Esq.,
Acting Captain Superintendent of Police,
&c. &c. &c.

— No. 17. —

(No. 66.)

Copy of a DESPATCH from the Officer Administering the Government to the Earl of *Kimberley*.

Government House, Hong Kong,
29 August 1870.

(Received, 22 October 1870.)

(Answered, No. 46, 1 November 1870, page 50.)

My Lord,

I HAVE the honour to transmit herewith extracts from the Minutes of the Executive Council, held on the 16th and 17th of August, from which your Lordship will perceive that the advice given to me is to the effect that, unless instructions to the contrary shall have been received previously to the 1st of January 1871, the gaming houses shall at that date be closed, and that, in the meanwhile, the present licensees shall be allowed to continue in charge.

In accordance with the advice thus tendered, I have notified to Wohang and others that they may continue to hold the licenses to the 31st of December next; but I will not conceal from your Lordship that, had the continuance or immediate cessation of the gambling system been left to my judgment and feelings, I should have had no hesitation in closing the gaming houses on the expiration, on the 30th of September, of the present licenses; as I am in no way convinced that to their maintenance any check on crime is to be attributed, and I see no reason why the Colony should have all the odium of a pernicious system attached to it, whilst it is debarred from that application of the accruing funds which would be of lasting benefit to public institutions generally, and more especially to those connected with the Chinese.

I have, &c.
(signed) *H. W. Whitefield,*
Major General and Lieutenant Governor.

No. 17.
The Officer
Administering the
Government to the
Earl of *Kimberley*.
29 August 1870.

Enclosure in No. 17.

Encl. in No. 17. EXTRACT from the MINUTES of the Executive Council of *Hong Kong*, held on Tuesday, the 16th August 1870.

PRESENT :

His Excellency Major General Whitfield, Lieutenant Governor.
The Honorable John Gardiner Austin, Colonial Secretary.
The Honourable Julian Pouncefote, Attorney General.
The Honourable Cecil C. Smith, Registrar General.

ABSENT :

The Honourable W. H. Rennie, Auditor General, absent on leave.

The Council meets this day at noon, by special summons.

* * * * *

His Excellency remarks, that the term of the licensed gaming houses, held by Wohang and others, will expire on the 30th September next, and desires to learn the advice of the Council as to the expediency, or otherwise, of continuing the system.

The subject is partially discussed, and further consideration thereof deferred until the next meeting.

EXTRACT from the MINUTES of the Executive Council of *Hong Kong*, held on Wednesday, the 17th August 1870.

PRESENT :

His Excellency Major General Whitfield, Lieutenant Governor.
The Honourable John Gardiner Austin, Colonial Secretary.
The Honourable Julian Pouncefote, Attorney General.
The Honourable Cecil C. Smith, Registrar General.

ABSENT :

The Honourable W. H. Rennie, Auditor General, absent on leave.

The Council meets this day at noon, pursuant to adjournment.

* * * * *

His Excellency recalls the attention of honourable Members to the subject of the licensed gaming houses, and after a full consideration of the views expressed in the various Despatches from the Secretary of State, of the diminution of crime, and of the improvements effected in the constitution of the police, the Council advise that the present licensees should be allowed to continue in charge of the houses until the 1st January 1871, with a view to the closing of the gaming houses at that date, unless instructions to the contrary should be received in the meanwhile from the Secretary of State.

(True extracts.)

L. D'Almada e Castro, Clerk of Councils.

— No. 18. —

(No. 46.)

No. 18.
Earl of Kimberley
to the Officer
Administering the
Government.
1 November 1870.
* Page 49.

COPY of a DESPATCH from the Earl of *Kimberley* to the Officer Administering the Government.

Sir,

Downing-street, 1 November 1870.

I HAVE received your Despatch, No. 66*, of the 29th August, stating that your Executive Council have advised you that, unless instructions to the contrary shall have been received previously to the 1st of January next, the gaming houses shall at that date be closed, and that in the meanwhile the present licensees shall be allowed to continue in charge, and that in accordance with their advice you have notified to the licensees that they may continue in charge of the houses until the 31st of December.

In reply, I have to refer you to the telegraphic message which I sent to you

on the 28th ultimo, in the following words: "Your Despatch, No. 66, received. Issue fresh gambling licenses on expiration of old ones. Make no alterations without instructions." I must observe that, except in cases of urgent necessity, where delay would be dangerous, it is extremely unadvisable that an officer, in the temporary administration of the Government, should take upon himself to depart from the policy of the Governor, whose place he occupies, without express directions from the Secretary of State; and I should wish to be informed whether you had any other reasons besides those which you have stated, in justification of the unusual course you have pursued.

I have, &c.
(signed) *Kimberley*.

— No. 19. —

COPY of a TELEGRAM from the Officer Administering the Government to the Earl of *Kimberley*.

No. 19.
Officer Administering the Government to the Earl of *Kimberley*.
21 Nov. 1870.

From Galle, dated 21 November 1870.

To the Earl of *Kimberley*, Colonial Office, London.

CAN I sell Colonial Steamer for thirty-five thousand dollars?

Lieutenant Governor *Whitfeild*.

Hong Kong, 8 November.

— No. 20. —

COPY of a TELEGRAM from the Earl of *Kimberley* to the Officer Administering the Government of Hong Kong; dated Downing-street, 7th December 1870, 2.30 p.m.

No. 20.
Earl of *Kimberley* to the Government of Hong Kong.
7 Dec. 1870.

"You may sell Colonial Steamer for price named in your Telegram if satisfied that is fair price."

— No. 21. —

(No. 110.)

EXTRACT from a DESPATCH from the Officer Administering the Government to the Earl of *Kimberley*; dated Government House, Hong Kong, 14 November, 1870.

No. 21.
The Officer Administering the Government to the Earl of *Kimberley*.
14 Nov. 1870.

(Received, 2 January 1871.)

I HAVE the honour to transmit herewith an Ordinance passed on the 11th instant, No. 15* of 1870, "to apply a sum not exceeding 680,000 dollars to the public service of the year 1871."

* Not printed.

Under the impression that your Lordship will desire to have a statement of the Special Fund Account, I enclose a copy thereof to the 30th September, as laid before the Council on Friday last.

PAPERS RELATING TO

Enclosure in No. 21.

THE SPECIAL FUND ACCOUNT, from 1st January to 30th September 1870.

1870.	RECEIPTS.	\$.	1870.	PAYMENTS.	\$.
	Balance on the 1st January 1870 - - -	277,334 65		Passage of the crews of "Victoria" from Whampoa to Hong Kong - - -	15 -
	Fees of play houses from 15th to 31st January	7,500 -		Fitting boilers and lengthening of the "Victoria"	13,775 24
	Ditto - " 1st to 28th February	13,340 -		Contribution towards police expenditure to 30th June - - - - -	25,000 -
	Ditto - " 1st to 31st March -	13,340 -		Contribution towards police expenditure to 30th September - - - - -	12,500 -
	Ditto - " 1st to 30th April -	13,340 -			51,290 24
	Ditto - " 1st to 31st May -	13,340 -		Balance - - -	340,264 41
	Ditto - " 1st to 30th June -	13,340 -			391,554 65
	Ditto - " 1st to 31st July -	13,340 -			
	Ditto - " 1st to 31st August -	13,340 -			
	Ditto - " 1st to 30th September	13,340 -			
		\$.			\$.
		391,554 65			391,554 65

Auditor General's Office,
Hong Kong, 25 October 1870.J. Gardiner Austin,
Acting Auditor General.

— No. 22.—

(No. 118.)

No. 22.
The Officer
Administering the
Government to the
Earl of Kimberley.
26 Nov. 1870.COPY of a DESPATCH from the Officer Administering the Government to the
Earl of Kimberley.Government House, Hong Kong,
26 November 1870.

(Received, 19 January 1871.)

My Lord,

I HAVE the honour to acknowledge the receipt, on the 20th instant, of the following Telegram addressed by your Lordship to the Governor of Ceylon:—

"Forward message to Governor of Hong Kong. Your Despatch (No. 66) received. Issue fresh gambling licenses on expiration of old ones. Make no alteration without instructions."

2. In reply I have the honour not only to acquaint your Lordship that a notice calling for fresh tenders has been issued, but also to explain in vindication of the course which, with the advice of the Council, I had designed to follow, of shutting up the gambling houses, that I was fully under the impression from the tenor of the entire correspondence from home that no more acceptable action could be taken in the Colony than to put a stop to the legalisation of public gambling.

3. I enclose, for the consideration of your Lordship, an extract from the "China Mail" of the 23rd instant, reporting a speech made by the Chief Justice on the subject of gambling.

I have, &c.

(signed) H. W. Whitfield,
Major General, and Lieutenant Governor.

Enclosure in No. 22.

EXTRACT from the "China Mail."—Hong Kong, Wednesday, November 23, 1870.

Encl. in No. 22.

Supreme Court.—In Criminal Sessions.

(Before the Honourable Chief Justice *Smale*.)

Wednesday, November 23.

THE Court was opened at 11 o'clock. His Lordship said that if any jurors were in attendance they might retire, as the business of the Sessions was now so far finished that their services would not be required.

The Hon. the Attorney General was also excused, as he had been summoned to attend a meeting of the Executive Council.

In passing sentence on the Japanese who pleaded guilty to stealing from his master, an Osaka merchant, a sum amounting to some 60 dollars or 70 dollars, and obtaining under pretence of collecting for his master some 350 dollars, from persons to whom goods had been sold, his Lordship said he approached the subject with great pain; he knew how closely matters transpiring in this Colony were observed in Japan, and this was the first time within his experience that a Japanese had ever been brought before the Supreme Court.

The prisoner's master was then placed in the witness-box, and testified that he had known prisoner from a boy, that he was a native of an adjoining village to his own, that he had been in his employ nearly eight months, and that up to the 14th of October he (prisoner) had borne a good character and had never to witness's knowledge been guilty of an act of dishonesty. He had been once punished for fighting.

His Lordship remarked that he did not look very pugnacious now.

(The prisoner appeared a most wretched broken-down object, his head was bowed down, and his long, unkempt hair falling over his face almost entirely obscured his features; what could be seen of them could only excite in every mind feelings of sorrow and commiseration.)

The witness further said that up to the time of his arrest, prisoner was in a lively and healthy condition, quite capable of discharging competently business matters entrusted to his care. He was nothing like what he is now.

His Lordship said, that probably no sentence he could pass would, under the circumstances meet with approval in Japan. That could not be expected. He had had strong doubts, when the prisoner was first placed at the bar (he was such a demented looking being), whether he could allow his plea of guilty to be recorded, as the laws of England do not allow any person to be tried while in an unsound state of mind. He had therefore directed the Colonial Surgeon to make a careful examination of the prisoner's mental condition, and Dr. Murray's report was, that though, evidently half-witted, he was sufficiently *compos mentis* to know what he was doing in pleading guilty. He had therefore admitted his plea.

His Lordship paid a well-merited compliment to the care and patience in investigation generally manifested by the senior police magistrate, and particularly on this occasion. When the prisoner stated in the course of the primary investigation that he had lost this money at the public gambling houses, Mr. May had caused inquiries to be set on foot which resulted in the complete substantiation of the statement. At the Sun Kee gambling house, Morrison-street, he had lost heavily; also at the Hing Kee, described as in the immediate neighbourhood, though what necessity there could possibly be for two gambling houses so close together as to be described as near, his Lordship could not conceive. At the Hing Kee gambling house (the third visited), they did seem to have some faint doubts as to whether he was an Asiatic within the meaning of the Ordinance, one of the favoured few allowed to gamble, but they were finally resolved in favour of his being allowed to lose his money. Here he won at first 95 dollars, but after a great variety of luck lost heavily. He then, it appeared, went to the Ching Kee, which is in a higher neighbourhood, situated on Hollywood Road. The result of these visits was that he was now here. How strange it must appear, his Lordship said, to the people of Japan, a country where gambling is prohibited and suppressed, to know that it is licensed in this, a British Colony. It was greatly to be regretted that the keepers of these Elysiums had not refused admittance to this man on account of his having so much of the appearance of a European. Gambling is put down and kept down in Japan. By the Chinese authorities, in every province where there is an honest governor, it is put down. In Singapore it is put down. In England it is put down and reduced within extremely narrow limits by four Acts of Parliament, which his Lordship regretted were not proclaimed as law within this Colony. Means to repress gambling in this Colony had been untried, though not unsuggested.

His Lordship called attention to the forlorn looking wretch at the bar, and animadverted upon the system which had reduced him from the status of a man to the poor miserable creature he was then. All his life he had been an honest man, he had borne a good character, and an unspotted reputation until he came to this Colony, where these licensed houses flouted him in the public streets. The consequences were there. His Lordship further commented on the evil influences to which this man had been exposed and the effect that it must necessarily have upon the nation of which he was a subject, and concluded by stating the sentence that he should impose was more from compassion than in the hope of

its doing him any good in his present condition. Under the care of Mr. Douglas and Dr. Murray it was to be hoped he might ultimately benefit.

His Lordship then passed sentence of two years' imprisonment, with hard labour, for the first offence of stealing from the master; and one year (commencing at the expiration of the first sentence) of the same punishment for the second offence charged, obtaining money under false pretences.

The Criminal Sessions were then closed.

— No. 23. —

(No. 128.)

No. 23.
The Officer
Administering the
Government to the
Earl of Kimberley.
10 Dec. 1870.

EXTRACT from a DESPATCH from the Officer Administering the Government to the Earl of *Kimberley*; dated Government House, Hong Kong, 10 December 1870.

(Received, 30 January 1871.)

(Answered, No. 26, 7 March 1871, page 64.)

I HAVE the honour to transmit herewith, for the information of your Lordship, the copy of a letter received from the Chief Justice, calling attention to the case of one Soterloo; who had been convicted of felony at the November Sessions of the Supreme Court.

Letter from Chief Justice, 8 Aug. 1870.
Draft Ordinance, marked A.
Marginal Notes, marked B.

I also enclose the copy of a report made thereon by the Attorney General, with the papers, as per margin referred to by that officer.

Enclosure 1, in No. 23.

Encl. 1, in No. 23.

* Not printed.

Sir,

The Supreme Court, Hong Kong,
29 November 1870.

I HAVE the honour to enclose the calendar* of the criminal sessions for this month, containing the names of two prisoners who attributed to the licensed gambling houses the inducements to their crimes; as to one, his excuse was unsustained by evidence, but the case of the other is a most painful one.

Soterloo (cases 7 and 8) as a confidential servant to a Japanese merchant, accompanied his master to this Colony. He had been known from a boy to his master, who stated that he had always had a good character.

Soterloo pleaded guilty to each charge. The total amount in value which he had feloniously obtained between the 2nd and 19th of October last, appears to have been a sum exceeding \$ 400.

From the depositions taken before Mr. May, copies of which I have directed to be forwarded to you for the information of his Excellency the Lieutenant Governor, it appears that the allurements of four licensed gambling houses flaunted in the public streets tempted this poor man into these houses, and that as he lost his master's monies, he sought to restore them from time to time by staking further sums, feloniously obtained, and he is now not only a convicted felon, but a man whose remorse has disturbed his reason.

Whether this man's destruction, socially and mentally, is more attributable to the temptation, or to the criminal so tempted, and whether Governmental regulations under which such a case is possible should continue in force, are serious questions, towards the solution of which I feel it is my duty to furnish this, as well as the numerous previous cases for the consideration of the Government, as facts in support of the necessity for passing the Ordinance, the draft of which I sent to you, with observations on the 11th of August last, to the force of which each subsequent criminal session has added.

I have, &c.
(signed) *John Smale*,
Chief Justice.

The Honourable J. Gardiner Austin,
Colonial Secretary.

Enclosure 2, in No. 23.

MEMORANDUM of the Attorney General upon the Letter of the Chief Justice, of the 29th November 1870. (C. S. O. No. 3058.) Encl. 2, in No. 23

1. THIS letter, which has been forwarded for my perusal, by his Excellency the Lieutenant Governor, suggests the following remarks upon the continual attacks which the Chief Justice makes upon the policy of the Government in relation to the licensing of gaming houses, not only in such official communications as the one under consideration, but in the way of public censure from the judicial bench.

2. With all deference to the opinions which the Chief Justice is perfectly entitled to hold upon this vexed question, I cannot admit the accuracy of the facts which he urges as the ground for his opposition to the system; namely, the increase of crime, and the corruption of the police force. On the contrary, I maintain that, since the establishment of the licensed gaming houses, there has been a vast decrease of crime, and that no instance of corruption in the police force has come to my knowledge which can have any sort of connection with gaming houses.

3. Sir Richard MacDonnell, at one of the last meetings of the Legislative Council over which he presided (30th March 1870), laid upon the table the elaborate police return on crime, published in the "Gazette," of the 16th April 1870, a copy of which is enclosed. According to that return, the decrease of crime in 1869 was not less than 19·3 per cent, as compared with 1868, and if this remarkable change be not due to the assistance rendered by the gaming house licensees in the arrest of criminals, and in the detection of deported convicts who unlawfully return to the Colony, it must be due to the improved moral and numerical status of the police force, for it is not suggested that the Chinese themselves have suddenly reformed.

4. Whether the police force is as efficient as it might be, having regard to the cost of its maintenance, is beside the question. What I dispute is that it has become less "trust-worthy" by reasoning of the licensing of gaming, as contended by the Chief Justice.

5. In addition to the facts supplied by the police return above mentioned, I am able to report, from an examination of the records of the Supreme Court, that during the two years immediately preceding the 1st January 1867, no less than 92 persons were tried for piracy, attended in most cases with murder or violence; whereas during the two years immediately following, only 15 men were tried for that crime, and not one single trial for piracy has taken place during the last two years.

6. The Chief Justice, before closing the criminal sessions for the month of March last, made an allusion to this great decrease of crime in the Colony, and passed a high encomium upon the Governor for having brought about this satisfactory result.

7. At the meeting of the Legislative Council of the 30th March 1870, the Chief Justice delivered a farewell address to the Governor, which is also published in the "Gazette" of the 16th April (sent herewith). In that address he uses the following language: "Guarding myself individually from expressing concurrence in (indeed, having dissented from) some of the measures adopted, I am bound to state what I think all will concur in, that on the results, the increased security to life and property, and great decrease of crime, to which I have elsewhere referred, the extent of which is confirmed by the statistics which your Excellency has this day laid on the table, * * * * * your Excellency's Government may well be congratulated."

8. It is, therefore, with no little surprise that since the departure of Sir Richard MacDonnell, I hear the Chief Justice, session after session, denouncing from the bench the policy of the Hong Kong Government in relation to the licensing of gaming houses. As an instance, I beg to enclose a report of some of the remarks which he made in Court when passing sentence upon the Japanese "Soterloo," who is the subject of his present letter:—

From the "China Mail," of November 23rd, 1870:

" 'How strange it must appear,' his Lordship said, 'to the people of Japan, a country where gambling is prohibited and suppressed, to know that it is licensed in this, a British Colony. It was greatly to be regretted that the keepers of these Elysiums had not refused admittance to this man on account of his having so much of the appearance of a European. Gambling is put down and kept down in Japan. By the Chinese authorities, in every province where there is an honest Governor, it is put down. In Singapore it is put down. In England it is put down and reduced within extremely narrow limits by four Acts of Parliament, which his Lordship regretted were not proclaimed as law within this Colony. Means to repress gambling in this Colony had been untried, though not unsuggested.' "

9. Bad characters do undoubtedly frequent the gaming houses; but I am unable to call to mind a single case in which it has appeared that a respectable Chinese had been tempted by "gaming houses flaunted in the public streets" to commit larceny for the purpose of indulging in the vice of gambling. It is true that in some instances thieves who have been

convicted at the Supreme Court, have been cunning enough to say (in the hope of exciting the commiseration of the judge), that they have been ruined in the gaming houses, and were thereby driven to commit theft; but whenever the story has been sifted it has been found to be utterly false.

10. The Chief Justice himself admits in his letter that one of the two prisoners to which he refers was guilty of this very attempt at deception.

11. As for the other prisoner, the Japanese Soterloo, he was evidently a very bad character, for he not only pleaded guilty to an information for obtaining money by false pretences, but to another information for stealing his master's watch and Japanese passport, and other articles, which he sold to tradespeople. He simply gambled with his plunder like other thieves.

12. The Chief Justice would seem to be under a misapprehension as to this man having been a "confidential servant," and "having been known from a boy to his master," and "having always had a good character," and also as to "remorse having disturbed his reason."

13. It appears from the depositions of his master, Oosa-Bala, before the magistrate, that Soterloo had been his servant for about eight months. To prevent any mistake, I requested the Registrar General to be good enough to send for Oosa-Bala, and examine him on the point. I am informed by the Registrar General and by the Crown Solicitor that in answer to the inquiry made on this subject, Oosa-Bala positively asserts that the Japanese interpreter must have been mistaken; that he had engaged Soterloo only about two or three months ago before leaving Japan for Hong Kong, because the man spoke a little English; that he was previously a total stranger to him, and a person of very low class.

14. As for Soterloo's reason being "disturbed by remorse," I requested Dr. Murray, the Colonial Surgeon, to be kind enough to visit the man, and favour me with his opinion as to his mental condition, and the following is his report:—"As you requested, I examined the Japanese prisoner, Soterloo. He does not appear to me any more weak minded than he was; and he is employed in gaol as Mr. Gray (the warden's) servant, who reports him to be as capable and intelligent as most Japanese, and quite as much so as on his first reception. Nor does he appear to be suffering from any mental anxiety or remorse, for he stoutly denies the theft, maintaining that he borrowed the money on his own behalf from Messrs. Russell & Co., and therefore did not steal it from his master."

15. It will seem, therefore, that this case of the Japanese, which the Chief Justice brings forward so prominently, is not such a "painful" one as would appear from his narrative, while it illustrates the accuracy with which the police are able to trace the movements of thieves in the various gaming houses.

16. No one can doubt that, having regard to the proximity of the mainland, and to the turbulent character of the natives of the south of China, the Hong Kong Government is charged with the repression of crime, and with the protection of life and property under extremely difficult conditions. There is not a member of the Government, I am sure, who would not rejoice if the objects intended to be effected by the licensing of gaming within its present limits, could have been obtained by some less unpleasant means. The system has certainly in a great measure effected its purpose, and it was owing to the great decrease of crime, and to the improved "*morale*" and strength of the police force that his Excellency the Lieutenant Governor, with the advice of the Executive Council, recently proposed, subject to the approval of Her Majesty's Government, to close the gaming houses, and make an effort to get on without them. Yet the Chief Justice insists that crime is on the increase, and that the police were never so "untrustworthy."

17. These statements of the Chief Justice are, however, in conflict with the public returns of crime in the Colony; and as for the accusations of "untrustworthiness," which he so frequently brings against the police force, I can only say that they are unsupported by any evidence whatever, and that so far as I am able to judge, they are quite unmerited.

18. I take this opportunity of returning herewith the Chief Justice's letter, of the 8th of August last, and the draft Ordinance enclosed therein, to which he refers in his present letter. Without making any comments upon that draft, I would refer as an example of its enactments, to the provisions contained in Sections IV. and V., whereby if gaming be apparently going on in a house, or if any implement of gaming be found in a house, every occupier of, and every servant employed in that house is guilty of a misdemeanor. No guilty knowledge need be proved; and the following is the punishment to which he is liable:—For a first offence, imprisonment, and even solitary confinement; and for a second offence, public flogging and deportation! It is manifest that under such a law, no person in the Colony would be safe from these terrible pains and penalties.

19. In conclusion, I venture to express a hope that his Excellency the Lieutenant Governor will prevail upon the Chief Justice to abstain from attacking the policy of the Government from the bench, as there can be no doubt that he thereby encourages mischievous and libellous newspapers to spread among the foreign community all over China and Japan,
and

and even to propagate at home every kind of falsehood which can bring odium on this Colony, in relation to the system of licensing gaming houses.

(signed) *Julian Pauncefoot*,
Attorney General.

9 December 1870.

Enclosure 3, in No. 23.

The Supreme Court, Hong Kong,
8 August 1870.

Sir,
I HAVE already had occasion to show that the licensing of gaming houses by the Government has led to serious crime, and to submit arguments tending to prove that such licensing is illegal. Encl. 3, in No. 23.

2. No Governor, Chief Justice, or Attorney General, Magistrate, or Superintendent of Police, as far as my experience goes (I am now, Mr. May only excepted, the oldest of such officers in the Colony), ever before 1866 complained that illegal gaming was incapable of being kept under reasonable limits. Once, I think, in 1863, it became excessive, and was promptly reduced.

I have ascertained that both in the Straits Settlements and in the Mauritius, where the Chinese and Malay elements are as predominant as in this Colony, the ordinary laws are sufficient to keep down gaming.

The same is, I am told, the case in all our vast Indian and Colonial Possessions, except in Hong Kong. It seems, therefore, difficult to believe that gaming was beyond due control here, seeing that scarcely any attempt by legislation has been made to effect that object.

3. It is true that a short Ordinance, No. 14 of 1844, was passed, and that by No. 7 of 1866, the householder is made liable for any breach of No. 14 of 1844 by his tenant, but no other effort has been made since 1843 here by legislation to control gambling, except indeed, No. 9 of 1867, which has been so made use of as to authorise gaming to an extent unparalleled relatively to population.

4. In England, however, since 1843, a body of severe laws and punishments, some opposed to the usual spirit of English jurisprudence, has been built up in several enactments, comprised in—

The 8 & 9 Vict. c. 109,
The 16 & 17 Vict. c. 119,
The 18 & 19 Vict. c. 36, and
The 22 & 23 Vict. c. 17.

Not one of these enactments has been made law in this Colony.

5. The Act of 8 & 9 Vict. recited that the “previous laws had been found of no avail,” just what has been said here in and since 1866; but these laws have been found amply sufficient in England, and why not here, where the area of control is extremely limited? My answer is, because they have not been tried.

6. The evil results of gaming in this Colony are to an appalling extent never hitherto fully appreciated.

7. I find from the “Special Fund Account” just presented by his Excellency the Lieutenant Governor to the Legislative Council, entries of which the following are extracts:

1867, Fees for Play (Gaming) Houses	-	-	-	\$191,116. 66
1868 ditto	-	-	-	182,500. 00
				<u>\$373,616. 66</u>

Now this sum was raised by a charge of 7 per cent. levied by authority on the sums (not staked), but won by the fortunate gamblers, being an aggregate sum won of exceeding \$5,337,370, or at 4 s. 5½ d., the exchange recently prevailing, exceeding 1,189,400 £ sterling. The sum lost by unfortunate gamblers must be at least as large.

But rent of 15 gaming houses, interest on capital, payments to Mr. D. R. Caldwell (in one year amounting to \$20,000) to a detective staff (an independent police), to managers, servants, and legal agent, and trade profits to the lessees, cannot be estimated at less than a sum equal to that paid to Government.

Doubling, therefore, the capital won, represented by the rent to Government, viz: \$5,337,370, it makes \$10,674,740 or over 2,378,800 £ sterling, as the aggregate sum won by the fortunate gamblers (what they staked would probably be more), the aggregate sum lost by unfortunate gamblers is obviously at least the like sum of 2,378,800 £, within the two years 1867 and 1868.

8. The vast amount actually absorbed, would, but for gambling, have been in great part at least, put into circulation, distributed, and expended in small sums by the gamblers for legitimate and useful purposes, in payments to small traders, and otherwise in the Colony.

9. On reference to the House of Commons Paper, headed "Hong Kong Gambling Houses," issued in 1869, I find at page 17, that these sums have been staked by an average of 14,631 daily Asiatic visitors to these "hells" being an aggregate of exceeding 10,000,000 Asiatic visitors within these two years 1867 and 1868. But seeing that the system will shortly have been in operation for four years instead of two years, the above figures may be doubled to represent the full extent of gambling in this Colony, giving an aggregate of over 4,000,000 £. won at gambling by the gamblers, and over 20,000,000 of visitors in four years. I know no parallel for the amount of crime and suffering which these figures represent, except possibly in Macao, in character, but not in extent.

In Hong Kong, with a population of less than 125,000, there are widely scattered in different quarters of the Colony 15 licensed and open gaming houses.

In Paris there were in the worst times only eight such houses. In most of the notorious German resorts there are seldom more than one in each town, and resident natives are usually, I believe, everywhere prohibited by penalties from playing; there the rich only, here Asiatics alone, and those mostly residents, are allowed to play, and of these the large majority is of the lowest classes.

10. The fearful consequences of such gaming here having been from time to time painfully impressed on my mind as judge, I have prepared the draft of an Ordinance, which is more stringent in its provisions than I personally think necessary, though not more so than I think desirable.

11. Herewith I enclose the Draft which I have prepared, marked A, which I submit to his Excellency's consideration; I hope that he may see fit to lay it on the table of the Legislative Council.

12. Enclosed are also the marginal notes, separately marked B, against which I have set memoranda showing the sources of and the authority for each section; from these memoranda it appears as follows:

Sections 1 to 10 inclusive are new but not novel. They are framed in deference to the opinion of those persons who consider gaming as being almost irrepressible here.

Sections 9 to 27 (except sections 18 and 24, which are new) are all founded on English legislation, and as to those two sections they are incidental to the specialities of the Colony. The three remaining sections are in aid of or limiting the operation of the preceding sections.

This Ordinance would leave all former laws in force here just as in England.

13. Although on the whole I think the passing all the sections desirable, it would perhaps be enough if the new Ordinance should embody the English Act only; to this extent at least the circumstances of the Colony imperatively require the adoption here of legislation, which has been found successful in England.

14. It may well be that his Excellency may think that the whole subject having been under the special consideration of the Secretary of State for the Colonies, it would not be proper for him to lay this draft on the table of the Legislative Council without authority from home.

In that case I respectfully ask his Excellency to forward documents A and B, and this letter to the Secretary of State for the Colonies for instructions.

15. In either event I should ask permission finally to correct and complete A and B.

16. I am prepared to answer any questions so that the subject may be thoroughly considered.

17. I am constrained to add that contemporaneously with (I believe in consequence of) the existence here of licensed gaming since 1867, the trustworthiness of the police has decreased; it was never so low as at present. I brought the fact to the notice of the Governor, Sir R. G. MacDonnell, who in consequence thereof, issued a commission to three gentlemen, all having his confidence, directing inquiry on the subject. Two reports made by that Commission, one original and another amended, on reference back for amendment by the Governor, especially the first, confirm, as I understand, that view, though I have not been permitted to see them even privately for my judicial guidance, to the detriment, as I think, of the administration of justice; I still hope that I may have leave to peruse those reports.

18. I have, therefore, to add, that in my opinion, no laws especially to suppress gaming, however good, can be expected to work well until the police shall be purged and reorganised.

I have, &c.
(signed) *John Smale,*
Chief Justice.

The Honourable J. Gardiner Austin,
Colonial Secretary.

(A.)

DRAFT OF PROPOSED ORDINANCE.

AN ORDINANCE enacted by the Governor of Hong Kong, with the Advice of the Legislative Council thereof, to make provision for the More Effectual Suppression of Gaming.

WHEREAS, it is expedient that stringent measures should be adopted for the more effectual suppression of gaming within this Colony.

Be it enacted by the Governor of Hong Kong, with the advice of the Legislative Council thereof, as follows:—

1. This Ordinance may be cited as the Gaming Suppression Ordinance, 1870. Short Title.
2. In the construction of this Ordinance the following words and expressions shall have the meanings in this section assigned to them, unless the same be manifestly inconsistent with the context, that is to say— Interpretation Clause.
3. Sections 18, 19, and 20 of Ordinance No. 9 of 1867 are hereby repealed, and all rules and regulations made or passed in pursuance of the said Section 18 shall cease to be in force from the date when this Ordinance shall come into force. Sections 18, 19, and 20 of No. 9 of 1867 repealed.
4. Whoever, whether as owner, householder, occupier, or keeper, or servant, or attendant, or otherwise, shall occupy, or use, or assist, or act in the management, or keeping, or care of any house, room, vessel, boat, or place in public or private wherein any gaming shall be going on, or apparently going on, or wherein any instrument for gaming shall be found, shall be guilty of a misdemeanor, and, being convicted thereof, shall for the first offence and second respectively be subject to a fine or imprisonment, with or without hard labour, or to both fine and imprisonment, with or without hard labour, as the court shall direct, but any such fine shall not exceed \$, and any such imprisonment shall not exceed one year, and shall also be subject to further imprisonment for a period of not exceeding the further term of one year until such fine be paid, and every such offender shall also be subject to solitary confinement for any portion of his term of imprisonment for any periods not exceeding one month at any one time, and not exceeding three months in any one year. Keeping, &c. a gaming house a misdemeanor, and punishment for first offence.
5. In case any person shall be convicted more than twice of any offence, whether the same offence or not, under the provisions contained in the last preceding section, the Supreme Court may on any third or subsequent conviction, in addition to or in lieu of all or any of the punishments hereinbefore provided, deal with the offender as follows:— Supreme Court may for third and subsequent offences further sentence.

If the age of such offender shall be, in the opinion of the Chief Justice, not of the age of 16 years, the said court may direct such offender to be sent, at the expiration of such confinement, or forthwith, as the case may be, to any reformatory school established or to be established in this Colony (if the directors or managers thereof, shall be willing to receive such offender), and to be there detained for a period not less than one year, and not exceeding five years. Offenders, if under 16 to a reformatory for not exceeding five years.

If, in the opinion of the Chief Justice, such offender shall be of the age of or exceed the age of 16 years, the said court may order and direct such last-mentioned offender, if a male, to be once, twice, or thrice privately or publicly whipped, in the manner, and subject to the condition and restrictions prescribed and imposed with respect to whipping under Ordinance No. 12 of 1865, and before being discharged from custody such last-mentioned offender may, if the Governor in Council shall so direct; if a subject of the Empire of China, be deported to such place as the said Governor in Council shall direct. Offender at or over 16 to be whipped under No. 12 of 1865, and to be deported.
6. Whoever, not being such owner, householder, occupier, or keeper, or servant, or attendant, or otherwise, as specified in Section 4, shall, without lawful authority or excuse, the proof whereof shall be on the party accused, be found in any such house, office, room, or place wherein any such gaming shall be going on, or apparently going on, whether taking part in any such gaming or not, shall be guilty of a misdemeanor, and, being convicted thereof, shall, for the first offence, be subject to such fine not exceeding \$, or to such imprisonment, with or without hard labour, for a period not exceeding six months, as the court shall direct, and for the third and every subsequent offence, to a fine of not exceeding \$, or to such imprisonment as the court shall direct, not exceeding one year, and also to solitary confinement for any portion of his time of imprisonment for any periods not exceeding one month at any one time, and not exceeding three months in any one year. To be in a gaming house without excuse a misdemeanor, and punishment on first and subsequent offences.

If magistrate considers case proper for summary conviction, he may refer case to two justices, and how.

7. When any person shall be charged with any offence under this Ordinance, the depositions of all persons tendered to give evidence against the person charged shall be taken by the police magistrate before whom the charge shall be made, and in case the circumstances of the case shall, in the opinion of such magistrate, if proved, not require a fine exceeding \$, or imprisonment not exceeding six months, it shall be lawful for such police magistrate, instead of committing the offender for trial before the Supreme Court, to refer the hearing of the case against the accused to two justices, one of whom at least shall be a police magistrate, when the evidence already taken as aforesaid may be read in evidence, and the witnesses may be further examined and be cross-examined on their respective depositions, and such further evidence, both as well against as for the accused as shall be tendered shall be heard, and the said two justices may thereupon inflict such fine or imprisonment not exceeding the amount and time lastly henceforth mentioned, or may acquit the accused, which acquittal shall be conclusive.

Such conviction by two justices, or on appeal, to be a first or second conviction.

8. Every conviction by such two justices or by the Court of Appeal upon any appeal, in pursuance of the right to appeal hereinafter given, shall be and be taken to be a first, or, as the case may be, a second conviction, as if the same had been a conviction on a trial at the criminal sessions of the Supreme Court.

How and when prior conviction to be proved.

9. No prior conviction shall be put in issue in any information or upon the trial of any person accused with any offence under this Ordinance; but in case the jury shall have returned a verdict of guilty against the accused, the court may, in a summary way, take evidence of all former convictions under this Ordinance against the person convicted, and in case it shall satisfactorily appear to the court that the person so convicted has been so twice previously convicted, he shall thereupon declare his decision accordingly, and such decision shall be indorsed on the record next after the verdict, and thereupon the court may sentence the offender, under the provisions of Section 5 or of Section 6, as the case may be.

What shall be sufficient evidence that a place is a gaming house.

10. In default of other evidence, proving any house, room, vessel, boat, or place to be a gaming house, it shall be sufficient, in support of the allegation in any information, or upon any proceeding, that any house or place is a gaming house or place, to prove that such house or place was at the date of any offence charged kept or was then used for playing therein any game, or that a bank is kept there by one or more of the players exclusively of the others, or that the chances of any game played therein are not alike favourable to all the players, including among the players the bank, or the banker, or other person by whom the game is managed, or against whom the other players stake, play, or bet, and every such house or place shall be deemed a common gaming house under this Ordinance; and also such as is contrary to law and forbidden to be kept by the Act of King Henry the Eighth, and by all other Acts containing any provision against unlawful games or gaming houses.

Presumptive evidence of gaming house.

11. Where any cards, dice, balls, counters, tables, or other instruments of gaming used in playing any game shall be found in any house, room, or place, suspected to be used as a gaming house, and entered by a police officer or constable, or about the person of any of those who shall be found therein, it shall be evidence, until the contrary be made to appear, that such house, room, or place is used as a gaming house, and that the persons found in the room or place where such tables or instruments of gaming shall have been found were playing therein, although no play was actually going on in the presence of the police officer or constable entering the same, and it shall be lawful for the police magistrate or justices before whom any person shall be taken by virtue of the warrant or order, to direct all such tables and instruments of gaming to be forthwith destroyed.

Not necessary to prove money stake.

12. It shall not be necessary in support of any information or proceeding for gaming in suffering any game in, or for keeping, or using, or being concerned in the management or conduct of, or being so as aforesaid present in a gaming house to prove that any person found playing at any game was playing for any money, wager, or stake.

Search warrant, how to be obtained and executed.

13. If any police officer, or constable, or other credible person shall report to the superintendent or deputy superintendent of police, or to any inspector of police, that there are good grounds for believing, and that he does believe that any house, room, or place is kept or used as a gaming house, it shall be lawful for the superintendent, deputy superintendent, or inspector, by any writing, or verbally, to authorise any police officer or constable, with a sufficient force, to enter such house, room, or place, and, if necessary, to use force for the purpose of effecting such entry, whether by breaking open doors or windows, or otherwise, and to take into custody all persons who shall be found therein, and to seize all tables and instruments of gaming found in such house or premises, and also to seize all monies and securities for money found therein, and such constable, either alone, or with such force as aforesaid, is hereby authorised to act accordingly.

Instrument of gaming may be searched for.

14. It shall be lawful for any police officer or constable making such entry as aforesaid, in obedience to any such authority, with the assistance of any constable or constables, or other persons accompanying him, to search all parts of the house, room, or place which he shall have so entered, where he shall suspect that tables or instruments of gaming are concealed, and all persons whom he shall find therein, and to seize all tables and instruments of gaming which he shall so find.

Penalty on persons obstructing the entry of police

15. Any person who shall wilfully prevent any police officer or constable, or person authorised under the provisions of this Ordinance to enter any house, room, or place from entering the same, or any part thereof, or who shall obstruct or delay any such police officer

officer or constable in so entering, and any person who, by any bolt, bar, chain, or other contrivance, shall secure any external or internal door of, or means of access to any house, room, or place so authorised to be entered, or shall use any means or contrivance whatsoever for the purpose of preventing, obstructing, or delaying the entry of any such police officer or constable, or other person into any such house, room, or place, or any part thereof, may for every such offence, on a summary conviction of the same before two justices of the peace, one of whom shall be a police magistrate, be adjudged by such justices to forfeit and pay any fine not exceeding \$, together with such costs attending the said conviction as to the said justices shall appear reasonable; and on the non-payment of such fine and costs, or in the first instance, if to the said justices it shall seem fit, may be committed to the common gaol, with or without hard labour, for any period not exceeding three calendar months.

officers on premises suspected to be a gaming house.

16. Where any police officer or constable is wilfully prevented from, or obstructed or delayed in entering any such house, room, or place as aforesaid, or any part thereof, or where any external or internal door of, or means of access to any such house, room, or place shall be found to be fitted or provided with any bolt, bar, chain, or any contrivance for the purpose of preventing, delaying, or obstructing the entry into the same, or any part thereof of any police officer or constable, or for giving an alarm in case of such entry, or if any such house, room, or place is found fitted or provided with any means or contrivance for gaming, or with any means or contrivance for concealing, removing, or destroying any instruments of gaming, or for escape by the inmates, it shall be evidence, until the contrary be made to appear, that such house, room, or place is used as a gaming house within the meaning of this Ordinance, and that the persons found therein were unlawfully playing therein.

Obstructing entry by police to be evidence of house being gaming house.

17. If any person being found in any house, room, or place entered by any police officer or constable, or being arrested, charged with any offence under this Ordinance shall, upon being arrested by any such police officer or constable, or upon being brought before any police magistrate, on being required by such police officer or constable, or by such justice to give his name or names, and his present and past addresses, and his occupation in life, and of the name of his native village, shall refuse or neglect to give the same, or shall give any false name or other account of himself or address, he may, upon summary conviction thereof, before any police magistrate, be adjudged to pay any penalty not exceeding \$ 100., together with such costs as to such justices shall appear reasonable, and on the non-payment of such penalty and costs, or in the first instance, if to such justices it shall seem fit, may be imprisoned in the common gaol for any period not exceeding one month.

Penalty on any person for giving false name, address, &c.; onus to prove correctness on accused.

18. Any stipendiary magistrate or justice of the peace may, in addition to the other penalties herein mentioned, cause any person being a subject of the Empire of China, and being convicted under this Ordinance to be brought before him, and to find reasonable security for his appearance in any court for any purpose, and at any time within 12 months; and every adjudication to that effect shall be made in open court, and reported forthwith to the Governor; and such Chinese not finding such security shall be deemed a person dangerous to the peace of the Colony, within the meaning of Ordinance No. 9, of 1857, and may be dealt with according to the same Ordinance, and also according to Ordinance No. , of 1870.

Chinese subjects brought before magistrate may be dealt with under No. 9 of 1857, and No. of 1870.

19. Every person who shall, by any fraud or unlawful device or ill practice in playing at, or with cards, dice, tables, or other games, or in bearing a part in the stakes, wagers, or adventures, or in betting on the sides or hands of them that do play, or in wagering on the event of any game, sport, pastime, or exercise, win from any other person to himself, or any other or others any sum of money or valuable thing, shall be deemed guilty of obtaining such money or valuable thing from such other person by a false pretence, with intent to cheat or defraud such person of the same, and be guilty of a misdemeanor, and being convicted thereof before the Supreme Court shall be punished accordingly by fine, not exceeding \$, and imprisonment for a period not exceeding one year, or he may, upon being brought before a magistrate, be held to be an incorrigible rogue and vagabond, and punished accordingly.

Cheating at play may be punished as a misdemeanor for obtaining money under false pretences, or magistrate may treat cheat as an incorrigible rogue and vagabond.

20. It shall be lawful for any police magistrate whenever he shall have reason to suspect that a house or portion of a house is used as a gaming house, to institute an investigation with reference thereto, and for such purpose or for the purpose of any appeal under section 25 of this Ordinance, to summon in writing before any two justices of the peace, of whom a police magistrate shall be one, the householder, or his agent, and any tenant or occupier of any portion of such house, and all other persons capable of giving evidence in such matter, and to examine them upon oath touching the subject of such investigation; and any person who shall neglect or refuse to appear before the said justice of the peace at the time and place specified in such summons, or to answer all questions which may be put to him in the course of such examination, shall be liable to a fine not exceeding \$, or to be imprisoned with or without hard labour for any term not exceeding three calendar months, and in the event of his giving false testimony in the course of such examination, he shall be liable to be tried and punished for perjury.

Investigation by two police magistrates as to suspected gaming house.

21. The said police magistrate shall give five days' notice of such investigation personally to all parties appearing to be interested in the land whereon such house shall be situate, so far as they can be ascertained by reference to the records of the land office, but the want of such

Notice of investigation to parties interested or in "Gazette."

such notice shall not invalidate any proceedings, provided that a like notice of such investigation shall be given in the "Gazette."

Declaration that such house is a gaming house.

22. The said two justices, or one of them, shall take notes of the evidence given during such investigation, and if they shall be of opinion that such house, or part of a house as aforesaid is a gaming house, they shall declare the same to be such, by writing under their hands, and a notification of such declaration shall be inserted in the "Gazette" as soon as practicable, after the making thereof. A copy of the "Gazette" containing such notification shall be conclusive evidence of such declaration, and of the fact that such house or part of a house is a gaming house, subject nevertheless to appeal as hereinafter provided.

Premises declared to be gaming house to be closed, and fine for re-occupation without permission.

23. Whenever any house, or part of a house shall have been declared by the justices to be a gambling house, it shall be lawful for them by warrant under their hands to remove all the inmates of such house or part of a house, as the case may be, and to close up the same; and such house, or part of a house shall not be re-inhabited, unless the said justices, or any police magistrate shall be satisfied that the same will be occupied in a proper and legal manner, and not as a gaming house, or unless the Governor shall otherwise direct and permit; and every person knowingly letting or re-occupying, or inhabiting any house or part of a house so closed up as aforesaid, without the permission of the Governor, or of the said justices or some police magistrate, shall be liable to a fine not exceeding \$200, or to imprisonment, with or without hard labour, for any term not exceeding six months.

Penalties for playing in a public street.

24. Whoever shall be found playing at any game in any public street or place not being a house or place within the meaning of section 10 of this Ordinance, shall upon proof that he was so playing, before any magistrate, be subject to the following penalties and punishments respectively: To a penalty not exceeding \$, and in default of payment, to imprisonment with hard labour, for a period not exceeding two months; and upon a third, and every subsequent conviction, the offender may also be required to enter into recognizance, himself with one or more sureties to the satisfaction of the magistrate in a sum of not exceeding \$, to be of good behaviour for six calendar months, and in default of such being given, to be imprisoned for such or a less period as the magistrate shall direct.

Appeal to Supreme Court, according to No. 4 of 1858.

25. Any person who shall feel aggrieved by any conviction or decision by any police magistrate or justices under this Ordinance, may appeal to the Supreme Court, and such proceedings shall be had thereon as are provided by Ordinance No. 4 of 1858.

Indemnity to witnesses. No criminated person may object to give evidence.

26. Every person who shall have been concerned in any gaming or be liable to punishment under this Ordinance, and who shall be required to give evidence and shall be examined as a witness by or before any police magistrate or justice of the peace or court, on any proceeding against the owner or keeper, or other person having the care or management of any gaming house, touching such gaming, or against any such other person as aforesaid, and who upon such examination shall make a true and faithful discovery to the best of his knowledge, of all things as to which he shall be so examined, and shall thereupon receive from the magistrate or justice or justices of the peace, or judge of the court, by or before whom he shall be so examined, a certificate in writing to that effect, shall be freed from all criminal prosecutions, and from forfeitures, punishments, and disabilities to which he may have become liable for anything done before that time in respect of or in connection with the subject of the then present inquiry, and no witness shall be at liberty to object to answer any question properly put to him touching any matter in issue, although the answer he may give shall or may criminate or tend to criminate himself.

Wagers not recoverable at law, except at horse races, &c.

27. All contracts and agreements, whether by parole or in writing, by way of gaming or wagering, shall be null and void, and no suit shall be brought or maintained in any court of law or equity for recovering any sum of money or valuable thing alleged to be won upon any wager, or which shall have been deposited in the hands of any person to abide the event on which any wager shall have been made, but the depositor of any such sum of money shall and may recover by suit at law or in equity any such sum of money or valuable thing from the depositor or stakeholder as for money had and received to the plaintiff's use or as for the conversion of such valuable thing; provided always that this enactment shall not be deemed to apply to any subscription or contribution, or agreement to subscribe or contribute for or towards any plate, prize, or sum of money to be awarded to the winner or winners at any horse race, or ship match, boat or foot race, which shall have been, one week at least previously announced by advertisement in a public newspaper to take place, and which shall not have been prohibited by the Governor by notice in the "Gazette."

Clubs public, houses, and billiard rooms, and private houses, not to be affected hereby.

28. This Ordinance shall not be applicable to any clubs established or to be established in this Colony, provided that such clubs and the rules thereof respectively shall be registered at a meeting of justices for licensing public houses, the rules whereof shall not be contrary to law, nor shall this Ordinance be applicable to any hotel or public houses or billiard rooms duly licensed or to be licensed according to law, nor to any private residence, nor to play among friends and acquaintances in any private house.

Subsisting laws as to gaming not inconsistent, herewith confirmed.

29. All laws and regulations relating to gaming, and for the punishment of offences in respect of gaming now in force, not inconsistent with this Ordinance, shall remain in full force and effect.

When this Ordinance shall take effect.

30. This Ordinance shall come into force from the day when notice of Her Majesty's confirmation hereof shall appear in the "Gazette."

(B.)

MARGINAL NOTES of BILL for an ORDINANCE for the More Effectual SUPPRESSION of GAMING.

	MEMORANDA.
1. Short Title.	
2. Interpretation Clause.	
3. Sections 18, 19 and 20, of No. 9, 1867, repealed.	
4. Keeping, &c., a gaming house, &c., a misdemeanour, and punishment for first and second offences.	This is new, but framed on the Criminal Ordinances.
5. Supreme Court may, for third and subsequent offences, further sentence,— Offenders, if under 16, to a reformatory, for not exceeding five years. Offenders, at or over 16 years, to be whipped, under No. 12, of 1865, and, on order of governor, to be deported.	Framed on Section 9 of No. 1 of 1868.
6. To be in a gaming house a misdemeanor, and punishment on first and subsequent offences.	New; but framed partly on Section 9 of No. 1 of 1868, and partly on Criminal Ordinances.
7. If magistrate considers case proper for summary conviction, he may refer to two justices, and how.	New; to facilitate a proceeding before two magistrates.
8. Such conviction by two justices, or on appeal to be first conviction.	New.
9. How, and when, prior conviction to be proved - - -	New; so framed, to avoid a double trial by the jury, which is most inconvenient.
10. What shall be sufficient evidence that a house is a gaming house.	Framed on 8 & 9 Vict. c. 109, s. 2.
11. Presumptive evidence of gaming house - - - - -	Framed on 8 & 9 Vict. c. 109, s. 8.
12. Not necessary to prove money staked - - - - -	Framed on 8 & 9 Vict. c. 109, s. 5.
13. Search warrants, how to be obtained and executed - -	Framed on 8 & 9 Vict. c. 109, s. 6; and No. 10 of 1867, s. 20.
14. Instruments of gaming may be searched for - - - -	Framed on 8 & 9 Vict. c. 109, s. 7.
15. Penalty on persons obstructing the entry of police officers on premises suspected to be a gaming house.	Framed on 17 & 18 Vict. c. 38, s. 1.
16. Obstructing entry by police to be evidence of house being gaming house.	Framed on 17 & 18 Vict. c. 38, s. 2.
17. Penalty on any person for giving false name, address, &c.; onus to prove the correctness on accused.	New.
18. Chinese subjects brought before magistrate may be dealt with under No. 9 of 1867 and No. of 1870.	New.
19. Cheating at play punished as a misdemeanor for obtaining money under false pretences, or magistrate may treat cheat as an incorrigible rogue and vagabond.	Framed on 8 & 9 Vict. c. 109, s. 17.
20. Investigation by two justices, as to suspected gaming house -	Founded on No. 10 of 1867, s. 21.

(B.)—MARGINAL NOTES of Bill for an Ordinance for the More Effectual Suppression of Gaming—continued.

	MEMORANDA.
21. Notice of investigation to parties interested, or in "Gazette" -	Founded on No. 10. of 1867, s. 22.
22. Declaration that such house is gaming house - - - -	Founded on No. 10 of 1867, s. 23.
23. Premises declared to be a gaming house to be closed, and fine for re-occupation without permission.	Founded on No. 10 of 1867, s. 28.
24. Penalties for playing in public street - - - -	New.
25. Appeal to Supreme Court, according to No. 4 of 1853.	
26. Indemnity to witness. No criminated person may object to give evidence.	Founded on 8 & 9 Viet. c. 109, s. 9 (and see Act as to Bridgwater and other Corrupt Boroughs).
27. Wagers not recoverable at law - - - -	Ditto - - ditto - s. 18.
28. Clubs, public house and billiard rooms, and play in private houses not affected hereby.	New.
29. Subsisting laws as to gaming not inconsistent herewith confirmed.	New.
30. When this Ordinance to come into operation.	

— No. 24. —

No. 24.
The Earl of Kimberley to the Officer Administering the Government.
* Page 54.

(No. 26.)
EXTRACT from a DESPATCH from the Earl of *Kimberley* to the Officer Administering the Government of Hong Kong; dated Downing-street, 7th March 1871.
"I have to acknowledge the receipt of your Despatch, No. 128,* dated the 10th December, enclosing a letter written by the Chief Justice of Hong Kong, together with a Memorandum by the Attorney General on the subject of gambling licenses."
* * * * *

— No. 25. —

No. 25.
The Officer Administering the Government to the Earl of *Kimberley*.
20 Dec. 1870.

(No. 132.)
COPY of a DESPATCH from the Officer Administering the Government to the Earl of *Kimberley*.
Government House, Hong Kong,
20 December 1870.
(Received, 11 February 1871.)
My Lord,
I HAVE the honour to acknowledge your Lordship's Despatch of the 1st of November, No. 46,* requesting me to state whether I had any other reasons besides those which I had stated in justification of the unusual course which I am assumed to have pursued in reference to the issue of fresh gambling licenses.
In reply, I beg to refer your Lordship to my Despatch of the 26th November, No. 118,† and to add, in further explanation, that there was no intention whatever of departing from the policy of Sir Richard Graves MacDonnell in reference to the gambling houses without the sanction of your Lordship.

* Page 50.

† Page 52.

It

It was for this reason, and in order that your Lordship should not be hampered in your decision by the issue of fresh licenses for twelve months that the old ones were extended to the 31st December.

I have, &c.
(signed) *H. W. Whitfeild*,
Major General and Lieutenant Governor.

— No. 26. —

(No. 1.)

COPY of a DESPATCH from the Officer Administering the Government to the Earl of Kimberley.

Government House, Hong Kong,
7 January 1871.

(Received, 27 February 1871.)

My Lord,

WITH reference to my Despatch of the 26th of November, No. 118,* in which I mentioned that a notice calling for fresh tenders for the gambling licenses had been issued, I have now the honour to acquaint your Lordship that, as the investigations made by the Registrar General in reference to the position and stability of the parties tendering have proved that many were put forward solely with a view to give increased chances to one at the drawing of lots, I have, with the advice of the Council, rejected all the tenders and determined on the disposal of the licenses by public auction, as authorised by the Duke of Buckingham and Chandos' Despatch of the 2nd of December 1868, No. 199.†

I have good reason, too, to believe that the monthly pay of 13,340 dollars, fixed by Sir Richard MacDonnell, and which was, therefore, proposed by myself for the present drawing, is far below what the gambling receipts should justify, and that open competition will increase the value of the licenses to the Government by 4,000 dollars or 5,000 dollars per month, if not more.

The auction takes place on the 12th instant, and I will communicate the result to your Lordship, without delay.

I have, &c.
(signed) *H. W. Whitfeild*,
Major General and Lieutenant Governor.

No. 26.
The Officer Administering the Government to the Earl of Kimberley.
7 January 1871.

* Page 52.

† Vide House of Commons Paper, No. 409 of 1869, page 67.

Vide Notification, No. 1, of 6th January 1871, annexed.

Enclosure in No. 26.

(No. 1.)

GOVERNMENT NOTIFICATION.

IN reference to Government Notification No. 149, of the 23rd November 1870, Notice is hereby given that the Gaming House Licenses will be put up to auction, in lieu of the drawing of lots, at 2 P.M., on the 12th instant, at the Government Offices. Encl. in No. 26.

The conditions under which the auction will be held are hereunto annexed.

(By Command),
J. Gardiner Austin,
Colonial Secretary.

Colonial Secretary's Office, Hong Kong, 6 January 1871.

1. No person to bid unless he shall, prior to the time of sale, have deposited in the Colonial Treasury the sum of 10,000 dollars as a pledge of the *bona fides* of his offer. The bid of every person who shall have failed to make such deposit shall be deemed void. The deposit will be returned on demand to the owner thereof in case he should not be the successful bidder.

2. None but Chinese, and no person in the employ of the Government, or holding any contract with any department of the public service, shall be qualified to bid.

3. The upset price is fixed at 13,300 dollars per month, and no advance of less than 100 dollars at a time shall be received.

4. The highest bidder above the said price of 13,300 dollars per month, shall be entitled to the grant of the licences, and shall hold the same, subject to the regulations of the Governor.

Governor in Council, in force for the time being. His deposit will be retained on account of payments under the license.

5. In case the highest bidder shall have failed to deposit the sum of 10,000 dollars in the Treasury before the auction, in pursuance of the first condition, or shall be otherwise disqualified to bid, or in case any dispute shall arise between two or more bidders,—so often as the same shall happen,—the bidding shall be re-opened and shall continue until the highest qualified bidder shall be ascertained.

6. The person declared to be the successful bidder, shall be bound to open the licensed houses in the localities mentioned in the rules and regulations of the Governor in Council, and in conformity with the said rules and regulations, on the 1st February 1871. In default whereof his deposit of 10,000 dollars shall be forfeited to the Crown, and his license may be cancelled.

— No. 27. —

(No. 13.)

No. 27.
The Officer Administering the Government to the Earl of Kimberley.
24 Jan. 1871.

COPY of a DESPATCH from the Officer Administering the Government to the Earl of Kimberley.

Government House, Hong Kong,
24 January 1871.

(Received, 11 March 1871.)

(Answered, No. 32, 17 March 1871, page 67.)

My Lord,

* Page 65.

WITH reference to my Despatch of the 7th January, No. 1,* I have the honour to enclose, for the information of your Lordship, the copy of a letter received from the Government Auctioneer, in which he reports that the gaming house licenses were put up to public auction on Thursday, the 12th instant, and were knocked down to "Ho-a-Sik," of the Hinam Hong, for the sum of 15,800 dollars.

Encl. No. 1.

I also enclose for your Lordship's information an extract from the minutes of the Executive Council, showing the grounds on which it was deemed advisable to dispose of the licenses by public auction.

Encl. No. 2.

I have, &c.

(signed) *H. W. Whitfeild*,
Major General and Lieutenant Governor.

Encl. 1, in No. 27.

Enclosure 1, in No. 27.

Sir,

Hong Kong, 13 January 1871.

I HAVE the honour to inform you that the gaming house licenses were put up to public auction, on Thursday the 12th day of January 1871, and were knocked down to Ho-a-Sik, of Hinam Hong, for the sum of fifteen thousand eight hundred (15,800) dollars per month.

I have, &c.

(signed) *J. M. Armstrong*,
Government Auctioneer.

The Honourable J. G. Austin,
Colonial Secretary, Hong Kong.

Enclosure 2, in No. 27.

Encl. 2, in No. 27.

EXTRACT from the MINUTES of the Executive Council of *Hong Kong*, held on the 5th of January 1871.

PRESENT :

His Excellency Major General Whitfeild, Lieutenant Governor.
The Honourable John Gardiner Austin, Colonial Secretary.
The Honourable Julian Pauncefoot, Attorney General.
The Honourable Cecil C. Smith, Registrar General.

His Excellency lays on the table the tenders (35 in number) for the gaming house licenses, to be issued on the 1st of February 1871, which had been received by the Honourable the Registrar General, pursuant to Government notification, No. 149, of the 23rd of November

November 1870; and the Council proceeds to an examination of the same, guiding themselves by the notes of the Registrar General, given in his translation of the tenders submitted.

It appearing from such notes that several of the tenders sent it, emanated from the same parties, though bearing different names, with the evident object on the part of those so acting to gain additional chances at the drawing, and thus preventing a proper appropriation of the licenses; it is resolved, that the other method for issuing the licenses, directed by His Grace the Duke of Buckingham and Chandos in his Despatch No. 199,* of 2nd December 1868, be adopted, as being better calculated to carry out the instructions of the Secretary of State, and that a public auction of the licenses be held on Thursday the 12th instant, at 2 P.M., subject to the following conditions:—

* *Vide House of Commons Paper, No. 409, of 1869, page 67.*

1. No person to bid unless he shall, prior to the time of sale, have deposited in the Colonial Treasury the sum of 10,000 dollars, as a pledge of the *bona fides* of his offer. The bid of every person who shall have failed to make such deposit shall be deemed void. The deposit will be returned on demand to the owner thereof, in case he should not be the successful bidder.

2. None but Chinese, and no person in the employ of the Government, or holding any contract with any department of the public service, shall be qualified to bid.

3. The upset price is fixed at 13,300 dollars per month, and no advance of less than 100 dollars at a time shall be received.

4. The highest bidder above the said price of 13,300 dollars per month, shall be entitled to the grant of the licenses, and shall hold the same, subject to the regulations of the Governor in Council in force for the time being. His deposit will be retained on account of payments under the license.

5. In case the highest bidder shall have failed to deposit the sum of 10,000 dollars in the Treasury before the auction, in pursuance of the first condition, or shall be otherwise disqualified to bid, or in case any dispute shall arise between two or more bidders, so often as the same shall happen, the bidding shall be re-opened, and shall continue until the highest qualified bidder shall be ascertained.

6. The person declared to be the successful bidder, shall be bound to open the licensed houses in the localities mentioned in the rules and regulations of the Governor in Council, and in conformity with the said rules and regulations, on the 1st February 1871. In default whereof his deposit of 10,000 dollars shall be forfeited to the Crown, and his license may be cancelled.

(True Extract).

L. D'Almada e Castro,
Clerk of Councils.

— No. 28. —

(No. 32.)

COPY of a DESPATCH from the Earl of *Kimberley* to the Officer Administering the Government.

Sir,

Downing-street, 17 March 1871.

I HAVE to acknowledge the receipt of your Despatch, No. 13,* dated the 24th January last, enclosing a letter from the Government Auctioneer, in which he reports that the gaming house licenses have been sold by auction to one "Ho-a-Sik," at the rate of 15,800 dollars per month.

It would have been better if your Government had retained a power to reject persons of doubtful character in the event of their being successful in obtaining the concession of these licenses. Such a power should be reserved, if the disposal of the licenses by auction is again resorted to hereafter.

I have, &c.
(signed) *Kimberley.*

No. 28.
The Earl of
Kimberley to the
Officer Adminis-
tering the Govern-
ment.
17 March 1871.
• Page 66.

— No. 29. —

No. 29.

The Officer Administering the Government to the Earl of Kimberley.
6 February 1871.

(No. 19.)

COPY of a DESPATCH from the Officer Administering the Government to the Earl of Kimberley.

Government House, Hong Kong,
6 February 1871.

(Received, 25 March 1871.)

(Answered, No. 39, 1 April 1871, page 69.)

My Lord,

I HAVE the honour to enclose herewith, for the consideration of your Lordship, a Memorial which has been forwarded to me for transmission by the Chamber of Commerce, praying that instructions may be issued to the Governor of this Colony prohibiting the further issue of gambling licenses.

The Attorney General has it in contemplation, I understand, to offer a few remarks in reference to that portion of the Memorial in which it is alleged that the gambling system has encouraged dishonesty amongst native employes, but as the returns upon which his opinion will be based are as yet incomplete, I am unable to place his view before your Lordship by this opportunity.

I have, &c.

(signed) *H. W. Whitfield,*

Major General and Lieutenant Governor.

Enclosure in No. 29.

Encl. in No. 29.

To the Right Honourable the Earl of Kimberley, Her Majesty's Principal Secretary of State for the Colonies.

The humble Memorial of the undersigned Members of the Hong Kong General Chamber of Commerce.

Humbly sheweth,

THAT an advertisement having appeared in the Government Gazette of this Colony, calling for tenders for a renewal of the license for the privilege of keeping licensed gaming houses, your Memorialists beg most respectfully to address your Lordship on the subject.

At a general meeting of the members of this Chamber, held on the 3rd April 1868, a resolution was put and carried by a large majority to the following effect:—"That it is the opinion of this Chamber that licensed gambling is affecting the Colony injuriously by encouraging dishonesty amongst a large portion of the native population engaged in business, and amongst the native employes of foreign firms." Since the above resolution was passed, the opinion of your Memorialists, then expressed, has been strengthened by the experience of the past three years, numerous instances having occurred amongst servants of foreigners, where they have been guilty of dishonesty, the origin of which was clearly traceable to the temptation held out by the gaming houses licensed by Government.

The advocates of licensed gambling endeavour to make out that it has been the means of decreasing crime in this Colony, but this your Memorialists respectfully urge is not proven; in their opinion the decrease in crime is attributable to other causes, such as improved legislation, alterations in modes of punishment adopted towards criminals, &c., and that none of the decrease in crime is attributable to the licensing of gambling. Moreover, your Memorialists are of opinion that were the system abandoned, a still further decrease of crime in the Colony would be observable. Statements have also been put forward as arguments in favour of the system, that it is impossible to eradicate gambling entirely from the among lower class of Chinese. Your Memorialists, while admitting that it is impossible to at once eradicate and suppress the vice, submit most respectfully to your Lordship that there is a large police force in this Colony, more numerous, perhaps, than in any Colony of the same size under the British Crown, and that by the adoption of vigorous measures, it is quite competent for this force at once to repress the vice of gambling to such an extent that it could only be carried on in secret haunts, which would be resorted to by none but the dregs of the population, respectable Chinese being afraid to venture into such places, and that with continued energy on the part of the police, even these secret haunts would one by one be broken up, so that in course of time gambling would be entirely suppressed.

In view of the above reasons, your Memorialists humbly beg that your Lordship will issue instructions to the Governor of this Colony to discontinue the licensing system.

And your Memorialists will ever pray.

(signed)

*P. Ryrie, Chairman.**A. Limeneen, Vice Chairman.*

(And 40 other Signatures.)

Hong Kong, 10 January 1871.

A. Noel Blakeman, Secretary.

— No. 30. —

(No. 39.)

COPY of a DESPATCH from the Earl of *Kimberley* to the Officer Administering the Government.

No. 30.

The Earl of
Kimberley to the
Officer Adminis-
tering the Govern-
ment.

1 April 1871.

* Page 68.

Sir,

Downing-street, 1 April 1871.

I HAVE to acknowledge the receipt of your Despatch, No. 19,* dated the 6th of February, enclosing a Memorial addressed to me by the chairman, vice-chairman, committee, and other members of the Hong Kong Chamber of Commerce, requesting me to issue instructions to that Governor of that Colony to discontinue the system of licensing gaming houses.

You will inform the memorialists in reply, that Her Majesty's Government are aware of the importance of the question, and that on the return of Sir R. MacDonnell to the Colony instructions will be given to him to consider the whole matter, with a view to the termination of the system of licensing gaming houses.

I have, &c.

(signed) *Kimberley*.

— No. 31. —

(No. 22.)

COPY of a DESPATCH from the Officer Administering the Government to the Earl of *Kimberley*.

No. 31.

The Officer Ad-
ministering the
Government to the
Earl of Kimberley
20 Feb. 1871.

Government House, Hong Kong,
20 February 1871.

(Received, 10 April 1871.)

(Answered, No. 48, 28 April 1871, page 69.)

My Lord,

I HAVE great satisfaction in informing your Lordship, that the negotiations with the Chinese authorities have at last resulted in the sale of the Colonial steamer "Victoria" to them for the sum sanctioned by your Lordship, viz., 35,000 dollars.

I have, &c.

(signed) *H. W. Whitfeild*,
Major General and Lieutenant Governor.

— No. 32. —

(No. 48.)

COPY of a DESPATCH from the Earl of *Kimberley* to the Officer Administering the Government.

No. 32.

The Earl of
Kimberley to the
Officer Adminis-
tering the Govern-
ment.

28 April 1871.

* *Supra*.

Sir,

Downing-street, 28 April 1871.

I HAVE received your Despatch, No. 22,* of the 20th of February, and I approve of the sale of the Colonial steamer "Victoria" to the Chinese authorities, for the sum of 35,000 dollars.

I have, &c.

(signed) *Kimberley*.

— No. 33. —

(No. 25.)

No. 33.
The Officer Administering the Government to the Earl of Kimberley.
21 February 1871.

COPY of a DESPATCH from the Officer Administering the Government to the Earl of *Kimberley*.

Government House, Hong Kong,
21 February 1871.

(Received, 10 April 1871.)

(Answered, No 46, 18 April 1871, page 71.)

My Lord,

Enclosure, No. 1.

I HAVE the honour to enclose, for the consideration of your Lordship, the copy of a letter addressed to the Colonial Secretary by the Rev. Mr. Legge and Mr. Welsh, in which they request that the petition which accompanied it might be forwarded to your Lordship.

Enclosure, No. 2.

I have only to observe, on the latter document, that it urges the entire abolition of the existing system of licensed gaming houses, and that it is numerously signed by all grades of society in Hong Kong.

I have, &c.

(signed) *H. W. Whitfield*,
Major General and Lieutenant Governor.

Enclosure 1, in No. 33.

Encl. 1, in No. 33.

The Honourable *J. Gardiner Austin*, Esq., Colonial Secretary.

Sir,

Hong Kong, 20 February 1871.

HAVING been the promoters, in the first instance, of the accompanying Petition to Earl Kimberley, the Secretary of State for the Colonies, praying for the entire abolition of the existing system of gaming houses, we beg now to forward it to you, and to ask that his Excellency, the Acting Governor, will be pleased to transmit it, by the outgoing mail, to the Colonial Office.

The number of signatures amounts to over 300, which we consider a large amount for this Colony. They embrace the names of the heads of all the mercantile houses, with only two or three exceptions; and indeed, every class of the community has been prompt to signify its approbation of the object of the Petition.

We have, &c.
(signed) *James Legge*,
David Welsh.

(True Copy).

(signed) *J. Gardiner Austin*,
Colonial Secretary.

Enclosure 2, in No. 33.

Encl. 2, in No. 33.

To the Right Honourable the Lord *Kimberley*, Secretary of State for the Colonies.

May it please your Lordship,

Victoria, Hong Kong, 4 January 1871.

WE, the undersigned, beg to express to your Lordship our regret at seeing in the Government Gazette of this Colony a call for tenders for gaming house licenses for another year.

We do not wish to go at length into a controversial statement of our views, as to the impolicy of the system of licensed gaming houses in this Colony, but we beg to say that the repugnance which many of us felt towards it, when it was first proposed, has only been strengthened by the three years' experience which we have had of its effects.

During the past year, his Lordship the Chief Justice repeatedly expressed his condemnation of the system in emphatic terms, when cases arising from it were brought before him, and the senior police magistrate has also often given expression to opinions of a similar nature.

A recent case which came before the public was that of a Japanese who had accompanied his master from Japan to this Colony. He was tried before his Lordship, the Chief Justice, on the 23rd November, when his master testified that he had previously borne a good character, and had never to his knowledge been guilty of an act of dishonesty. Here, however, the temptation of the licensed gaming houses was too strong for him. To afford him the means of entering them he was guilty of theft and imposition, and the result was a sentence

sentence of three years' imprisonment with hard labour. We regret to say that similar instances are by no means rare.

We know that as a consequence of the gaming houses, an element of mutual suspicion has become widely diffused among the Chinese, which interferes with the prosperity of the Colony; and that by the great majority of them, as well as by ourselves, the discontinuance of the system would be hailed with satisfaction.

We beg to call your Lordship's attention to the fact, that the revenue derived from the gaming house licenses amounts to about 160,000 dollars per annum, and that of this sum upwards of 100,000 dollars are every year accumulating under the care of the Colonial Office, for what object and with what ulterior intention we do not know. This fact, from its mysteriousness, increases our astonishment that a system so contrary to the laws of Great Britain, and to the feelings of the British people, and which affects so unfavourably our prestige in the East should be allowed to continue here.

Whatever be the gambling propensities of the Chinese population, we believe that the laws of Great Britain are quite sufficient to cope with them if vigorously, and with a prudent management of the police force, brought into operation in this Colony.

In view of all these considerations we would earnestly entreat your Lordship to instruct the Governor of this Colony entirely to abolish the existing system of licensed gaming houses.

We are, &c.
(signed) *F Hockmeyer*,
and by 315 others.

— No. 34. —

(No. 46.)

COPY of a DESPATCH from the Earl of *Kimberley* to the Officer Administering the Government.

Sir,

Downing-street, 18 April 1871.

I HAVE to acknowledge the receipt of your Despatch of the 21st February, No. 25,* forwarding a Petition addressed to me by various members of the community of Hong Kong, praying for the abolition of the present system of licensing gaming houses.

I have to request that you will cause an answer to be returned to this Petition similar to that which I directed you to give to the Chamber of Commerce in my Despatch of the 1st instant, No. 39.†

I have, &c.
(signed) *Kimberley*.

No. 34.
The Earl of
Kimberley to the
Officer Adminis-
tering the Govern-
ment.
18 April 1871.
* Page 70.

+ Page 69.

— No. 35. —

(No. 28.)

COPY of a DESPATCH from the Officer Administering the Government to the Earl of *Kimberley*.

Government House, Hong Kong,
6 March 1871.

(Received, 22 April 1871.)

(Answered No. 50, 2 May 1871, page 73.)

My Lord,

I HAVE the honour to transmit for the consideration of your Lordship an address, which has been laid before me by the Registrar General, on behalf of the Chinese community, in which they petition for the suppression of licensed gaming houses.

I beg to draw your Lordship's attention to the concluding portion of Mr. Smith's report, as attached to the Memorial, in which he states that a petition, on any subject from the Chinese community, depends, as a rule, not on its intrinsic merits, but rather on the energy of its promoters, and that he does not consider the present one to be a fair expression of the opinion of the native community.

I have, &c.
(signed) *H. W. Whitfeild*,
Major General and Lieutenant Governor.

No. 35.
The Officer Ad-
ministering the
Government to the
Earl of *Kimberley*.
6 March 1871.

Enclosure in No. 35.

Encl. in No. 35.

TRANSLATION of a Memorial in Chinese.

THE Chinese merchants and residents in Hong Kong humbly petition for the suppression of the present system of licensing gaming houses, inasmuch as great damage thereby accrues to the people.

The system of openly licensing gaming houses was at first expected to aid in the maintenance of good order in the Colony, and it was not foreseen that its detrimental effects would exceed any benefits that might be derived from it.

After an experience of three years the evils of the system have become apparent, and lately, the losses suffered in the gaming houses, have culminated in trials for embezzlement, cheating, and robbery.

The cases are numberless where some have lost their business, some have wasted their patrimony, others again have sold their children, and others have destroyed themselves by eating opium. Numerous indeed are the evils which have occurred, and it is almost impossible to relate them all, but an examination of the records in the Supreme Court, and in the magistracy, will show the extent of them.

Two years ago his Excellency the Governor issued a Proclamation forbidding foreigners, merely for this reason, to enter the gaming houses.

Now it can be always seen that the subjects of Great Britain are governed with humanity and justice, the laws being most impartial, and those of her dependencies, without distinction, are treated with similar benevolence.

How is it, then, that the Government in this matter (of gaming), knowing its evil effects, prohibits foreigners from ruining themselves, and only permits Chinese to engulf themselves in its dangers without any interference at all?

There have been of late Chinese, who, formerly of unblemished reputation, have suddenly given in to the enticing allurements of public gaming, and have wrecked their good character.

Such instances are numerous, so that people mistrust one another, and no confidence can exist between them, whereby trade operations are impeded, and the poor are without homes.

Can the heart of Great Britain, so benevolent in its system of Government, treating its people like children, bear to witness or hear of such things; or, again, can a rich country like England, whose policy is based on humanity, be willing to raise an immoral revenue to defray the expenses of the nation? On no account will this be so.

Assuredly, if such is the case, then to what use is to be put the sum of more than 100,000 dollars, collected from the gaming licenses during the year? The Government only obtains a bad reputation without being compensated by any real advantages.

When the gaming houses were first opened, your Petitioners were anxious about the evils that would be created, and the damage that would be wrought on the people. Now that their fears have been verified, it only remains for them to petition, with great sincerity, that your Excellency will memorialise the Throne, with a view to early receiving the Imperial commands to suppress the licensed gaming houses, that thus confidence and integrity may once more be re-established among the people, and that their characters and reputations be preserved, until the prosperity of business be again in the ascendancy, and the condition of the poor be improved. Then they will be grateful for so large a measure of kindness, &c. &c.

To his Excellency the Lieutenant Governor.

[Signed with 947 seals and signatures.]

MEMORANDUM.

THIS Petition requesting his Excellency the Lieutenant Governor to apply to the Home Government for leave to close the gaming houses, licensed for Asiatics, is more numerous signed or sealed than any other document which has emanated from the Chinese community since my tenure of office. Without comment, however, the fact of such a Petition being so numerous signed, would entirely mislead those into whose hands it is intended to pass.

It is not necessary for me here to express any opinion on the subject of the Petition, but I may mention that as far as I can learn there is no general objection among the Chinese community to the system of licensing gaming houses; indeed, on the contrary, leading and substantial men, who are not in any way interested in the licenses, are in some cases in favour of, and in other cases not averse to, the action of the Government in this matter.

This

This Petition can only be considered as another effort on the part of the missionaries in Hong Kong to put down what is so utterly distasteful to them as shown in their Memorial of 1869. Instead, as then, of presenting a further Memorial from themselves on the same subject, the Chinese community has been canvassed by a native preacher of the London Missionary Society, who, on his part and that of his co-adjutors, has spared no pains in collecting signatures to their Petition. But in order to swell the number of seals or signatures, they have exceeded the bounds of propriety, and have apparently unhesitatingly accepted support from those least qualified to have any weight in the consideration of so important a question. This will be evident when I add that many of the signatures and seals are those of Chinese, who have applied to Government for the privilege of holding the licenses. Others again are those of notorious gamblers, whose winnings and losses in the Chinese club houses, and elsewhere, are well-known to the community; and, again, there are many others who are now participating in the lotteries carried on by the licensees.

Early in the list of signatures, too, is to be noticed the name of a Chinese, who was dismissed from the Government service, and whose reputation in the Colony should diminish the value of a document bearing his name.

It is important, however, to notice that there are a number of names of men and firms, whose support of this address is deserving of great consideration at the hands of the executive, but having regard for what I have reported, and the fact that a petition on any subject from the Chinese community depends, as a rule, not on its intrinsic merits, but rather on the energy of its promoters, I am of opinion that this Petition cannot be properly held to be a fair expression of the opinion of the native community.

(signed) Cecil C. Smith,
Registrar General.

27 February 1871.

— No. 36. —

(No. 50.)

COPY of a DESPATCH from the Earl of *Kimberley* to the Officer Administering the Government.

Sir,

Downing-street, 2 May 1871.

I HAVE received your Despatch, No. 28,* of the 6th of March, enclosing a memorial from the Chinese merchants and residents in Hong Kong, praying for the suppression of the present system of licensing gaming houses.

I request that you will cause an answer to be returned to the memorialists in the terms of my Despatch, No. 39,† of 1st of April.

I have, &c.
(signed) *Kimberley*.

No. 36.
The Earl of
Kimberley to the
Officer Adminis-
tering the Govern-
ment.
2 May 1871.
* Page 71.
† Page 69.

— No. 37. —

(No. 29.)

EXTRACT from a DESPATCH from the Officer Administering the Government to the Earl of *Kimberley*; dated Government House, Hong Kong, 6 March 1871.

(Received 22 April 1871.)
(Answered No. 52, 6 May 1871, page 75.)

"I HAVE the honour to transmit for the consideration of your Lordship, copies of two written statements which were forwarded to me by the Chief Justice, for record on the Minutes of Council, as provided for by Article 8 of Her Majesty's Instructions, the one having reference to a Draft Ordinance which he had submitted for the more effectual suppression of gaming, and the other to that inquiry into the state and constitution of the police force, which he conceived to be necessary."

* * * * *

No. 37.
The Officer Ad-
ministering the
Government to the
Earl of *Kimberley*
6 March 1871

Enclosure, No.

Enclosure, No.
not printed.

PAPERS RELATING TO

Enclosure 1, in No. 37.

To His Excellency Major General *Whitefield*, Lieutenant Governor, &c. &c. &c.

Encl. 1, in No. 37. I DEEMED, and am of opinion, that an Ordinance, of which I, under cover of a letter on the 8th of August 1870, a draft sent to the Honourable the Colonial Secretary, intituled "An Ordinance enacted by the Governor of Hong Kong, with the advice of the Legislative Council thereof, to make provision for the more effectual Suppression of Gaming," is a law fit to be enacted by the Legislative Council, and that it ought to be proposed for a first reading at the Legislative Council to be held on the 11th of November 1870.

I have in my said letter of the 8th, and in another letter of the 15th of August last, both addressed to the Colonial Secretary, set forth at large some of the reasons upon which my opinion is founded.

Among my reasons for this Ordinance are, shortly, the following :—

Sic. That keeping gaming house being by English law criminal, it is at least very questionable whether the Ordinance of No. , of 18 , authorises the Governor to license some houses for gaming, and that it is contrary to law to create a monopoly even in fair trade, much less in crime, without an express and clear enactment, and that, therefore, such licensing should be discontinued.

That the sole object of issuing the licenses was to decrease gambling, whereas it has very greatly increased that vice.

That it has caused and fostered very serious crimes, and that suicides have been traced to it.

That the gambling houses have been too numerous; fifteen in Hong Kong: at the worst times at Paris there were only eight, and in the few places in Germany in which gambling is allowed, one only usually exists.

That, as I have fully expressed in my letter to you of the 8th August last, I deduce from the figures contained in official returns by His Excellency the Governor, that over 5,000,000 dollars were in two years only *won* by gamblers before the licensees were recouped the amount paid by them for their licenses, that at least an equal sum was won from them, making the total over 10,000,000 dollars, and that it is to be presumed that the gambling licensees gained as much as they paid the Government, in order to cover their expenses, and to pay them a profit for their disreputable trade. The amount must therefore be doubled, and over 20,000,000 dollars has, it would seem, been lost and won across the gaming tables of Hong Kong within the two first years of the licensing system. From like data, if the tables are open for seven days in the week, I calculate that Asiatics have made over 10,000,000 of visits to these houses within two years. There may be errors in these calculations, but, under any calculation, a mass of gambling is represented unequalled according to population anywhere, destructive to the honest labours of the gamblers, and withdrawing from time to time these large amounts from legitimate trade and commerce, and thus tending to impoverish and destroy trade in Hong Kong, as all admit like practices have impoverished and destroyed trade in Macao.

That, from my experience on the bench, I infer that a tone of dishonesty has been engendered by gaming houses in petty tradesmen, as well as the lowest class, and that this tone has infused itself into and demoralised the police.

That gambling is a crime in China, as well as in England, and that the actual licensing of it being a crime lowers the prestige of the English Government and name, more especially seeing that it was actually put down by a good Governor lately in Canton province.

That the due suppression, if not eradication, of gaming has been successfully effected in the Straits Settlements, as I was informed by a police magistrate and superintendent of police there, and that like care can, without the licensing system, keep it under here. That the licensing system introduced avowedly as in itself an evil, but a lesser evil than the evils then existing, has not reduced those evils, whilst it has itself been an enormous evil; that as an experiment it has failed, and ought to be suppressed, which the Ordinance proposes to do.

That gaming in England has been effectually dealt with by stringent statutes, four in number, not one of which has been made law here. The proposed Ordinance proposes mainly to embody these statutes, making them law here.

10 February 1871.

(signed) *John Smale*, Chief Justice.

— No. 38. —

(No. 52.)

EXTRACT from a DESPATCH from the Earl of *Kimberley* to the Officer Administering the Government; dated Downing-street, 6 May 1871.

Sir,

I HAVE to acknowledge the receipt of your Despatch, No. 29,* dated the 6th March last, forwarding two statements written by the Chief Justice for record on the minutes of Council, the one referring to a draft Ordinance which he has submitted to the Government of Hong Kong for the more effectual suppression of gaming, and the other referring to a resolution proposing an inquiry into the state and constitution of the police force.

I have, in reply, to refer you to my Despatch, No. 39,* dated the 1st April last, in which I informed you that Sir R. MacDonnell would be instructed to consider the whole matter with a view to the termination of the system of licenses.

* * * * *

I have, &c.
(signed) *Kimberley*.

No. 38.
The Earl of
Kimberley to the
Officer Adminis-
tering the Govern-
ment.
6 May 1871.

* Page 73.

* Page 69.

HONG KONG (GAMBLING HOUSES).

COPY of further CORRESPONDENCE, MEMORIALS,
REPLIES to MEMORIALS, and DESPATCHES or EX-
TRACTS relating to the GAMBLING HOUSE LICENCE
SYSTEM in HONG KONG (in continuation of Parlia-
mentary Paper, No. 409, of Session 1869).

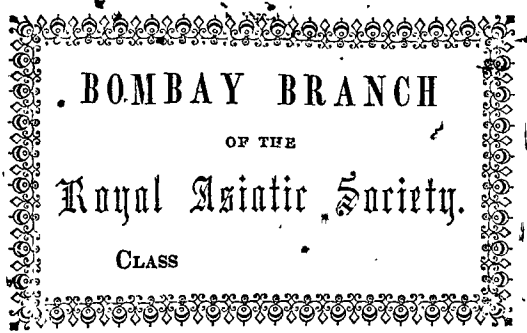
(*Mr. Bowring.*)

Ordered, by The House of Commons, to be Printed,
24 July 1871.

[*Price 10 d.*]

379.

Under 8 oz.



CORRESPONDENCE

RESPECTING

ABYSSINIANS AT JERUSALEM.

1850-1867.

*Presented to the House of Commons, in pursuance of their Address dated December 5, 1867 ;
with further Papers presented by Command of Her Majesty. 1868.*

LONDON:
PRINTED BY HARRISON AND SONS.

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RETURN to an Address of the Honourable the House of Commons, dated December 5, 1867;
for—

“Copy of all Correspondence between the Jerusalem Consulate and the Foreign Office, and the Jerusalem Consulate and the Constantinople Embassy, from the year 1850 to the year 1863, on the affairs of the Abyssinians at Jerusalem.”

With subsequent Correspondence presented by Her Majesty's Command : 1865—1867.

No. 1.

Consul Finn to Viscount Palmerston.—(Received December 19.)

My Lord,

Jerusalem, November 30, 1850.

I HAVE the honour to relate that, some months ago, a small party of Abyssinian priests brought to me a letter of recommendation for good offices from Mr. Plowden, Her Majesty's Consul in Abyssinia.

Shortly afterwards they appealed to me for protection from the insults of Mahometans, who annoyed them for wearing white turbans; they protested that it is the custom of their country, and that, being foreigners, they are not amenable to customs or rules of Turkish subjects. After some time, however, they adopted the dark-coloured turbans worn generally by Christians here. They were frequently to be seen at the house of his Lordship our Bishop.

On the 10th of last month they came to complain that the Armenian ecclesiastics were endeavouring to take from them their church and convent; that his Lordship had advised them to seize the key by a stratagem from the Armenians, who had previously usurped its possession, and now the latter wished to beat them to get it restored.

I had then a long conversation with his Lordship, who related to me that the Abyssinians had been formerly a flourishing body here, in intercommunion with the Armenians and Copts, having a large library and valuable documents; but that at the time of the last plague, about twelve years ago, they had all died away. The Turkish authorities, at the instigation of the Armenians, then burnt all their books and papers under the pretext of danger of infection; and that ever since then the Abyssinians resorting hither reside in the last relic of their former possessions, and subsist for the most part as paupers upon miserable food given them by the wealthy Armenian convent. That the latter had for some years kept possession of the key of the little church attached to the Abyssinian convent, only occasionally admitting the Abyssinians to divine service, but had lately kept it altogether. That his Lordship had advised the latter to regain it by a stratagem, and to keep it.

The next day the poor people came to me again, and in the afternoon a deputation of the Bishops and other Elders of the Armenians came to me on the same subject, declaring that the church had been well known as their property for 400 years past; that the Abyssinians are like wild beasts, going hither and thither, not fit to be trusted with property, but yet had stolen the key, and were encouraged in it by the English Bishop, &c.

At length I proposed, and the Armenians consented to it, that the church should be kept open to both parties till the new Patriarch should arrive (and he was expected shortly), when the case might be impartially examined from documents, in presence of the Bishop and myself.

In a conference with his Lordship, which I had after they had left me, he accused the Armenians of being cunning liars; for he knew the church and convent to have been Abyssinian property about twenty years ago, and that an inscribed tablet exists in the wall of the church of the Holy Sepulchre, from ancient time, declaring to the same effect. That the Armenians had had a long interview with him before going over to me, and advised that in case of an arrangement being made, such as I had above suggested, the key should be deposited every night with some party not concerned in the matter, as, for instance, the Pasha or the Prussian Consul.

Accordingly I drew out a paper to that effect, but the Armenians would not consent to the last clause. They would keep the key themselves, “for the sake of honour.”

A few days afterwards the matter came before the Pasha, and his Lordship proposed

(he has since told me) that the Abyssinians should keep the key of the church door, entering from their convent: and the Armenians keep the key of the other door, entering the church from the Great Church of the Holy Sepulchre, until the arrival of the new Patriarch.

On the 17th I went to inspect the Abyssinian convent and its little church.

I have heard that his Lordship has had some transactions with the Pasha and his Council since that time, upon the subject; and some correspondence has been kept up.

On the 19th instant the new Patriarch, named John, arrived, and was inaugurated on the 23rd.

I have, &c.
(Signed) J. FINN.

No. 2.

Viscount Palmerston to Consul Finn.

Sir,

Foreign Office, December 28, 1850.

I HAVE received your despatch dated the 30th of November last, on the subject of the differences between the Abyssinians and the Armenians in Jerusalem, respecting the possession of the small church belonging to the former, adjoining the Great Church of the Holy Sepulchre; and I have to state to you my approval of the steps you took and the advice you gave to the parties, as reported in your before-mentioned despatch.

I am, &c.
(Signed) PALMERSTON.

No. 3.

Consul Finn to Viscount Palmerston.—(Received February 3, 1851.)

(Extract.)

Jerusalem, December 9, 1850.

I HAVE the honour to report to your Lordship that, in harmony with the opinion of his Lordship our Bishop, I have been able to effect a reconciliation between the Armenian Convent and the Abyssinians, until some future and complete investigation can be made as to the right of property in dispute.

To understand the case fully, your Lordship will remember that the Copts and the Abyssinians, together with the Syrians and Armenians, subsist in one ecclesiastical inter-communion—the Armenian Convent being the wealthy and powerful patron of the other three.

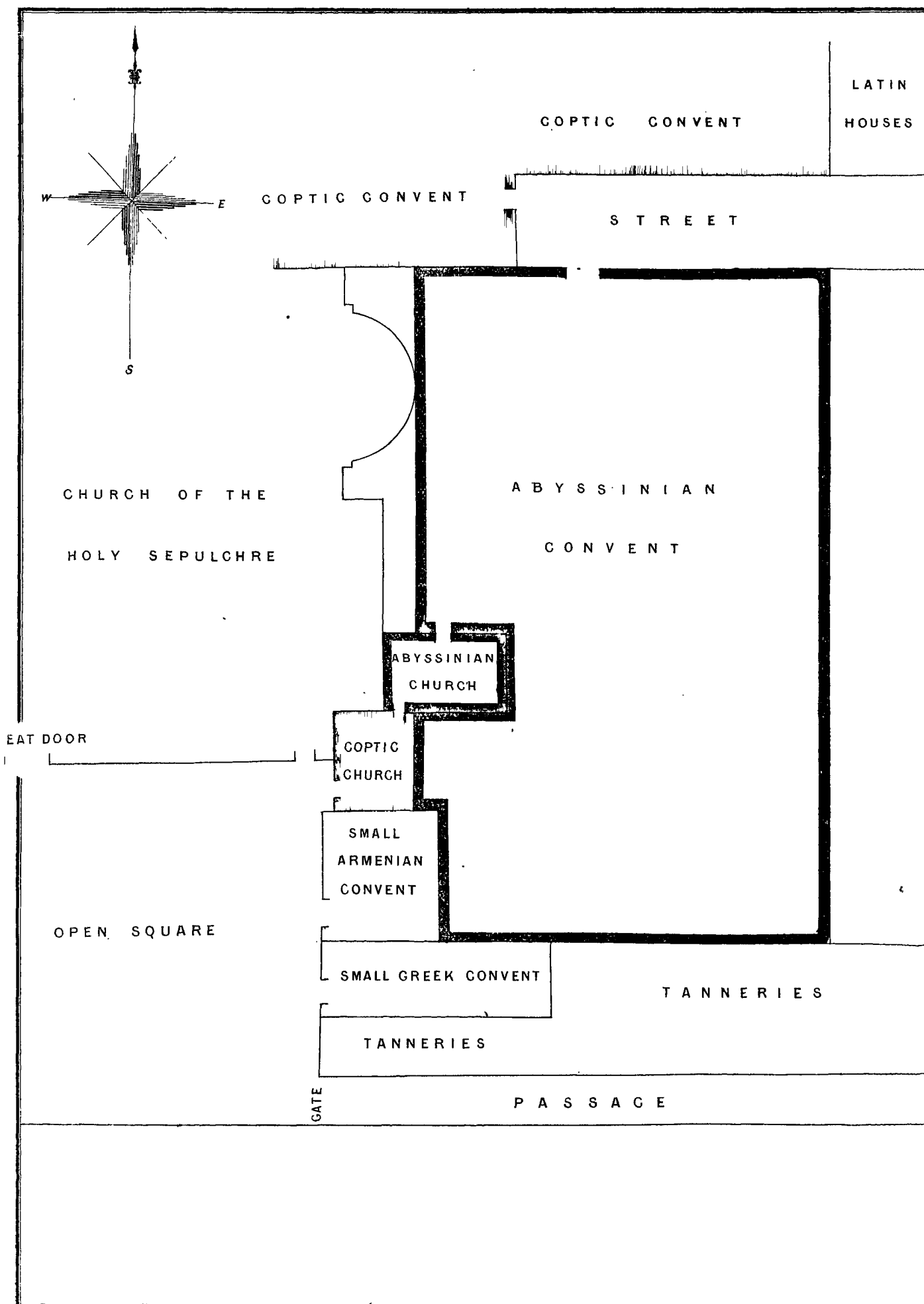
Your Lordship will perceive by the inclosed plan that the Coptic and Abyssinian Convents are near together, and that the Copts have no access to their Church but through the Abyssinian Convent and Church.

Such is the present relation of affairs, though the Abyssinians lay claim not only to both Churches, as well as to the Coptic Convent and small Armenian Convent, with much property around, besides property in the great Armenian Convent in a distant part of the city.

At the time, however, of the last calamitous pestilence, the Copts, under the direction of their patriarch in Cairo, and of the Armenians in Jerusalem, had the Abyssinian documents burned, and got possession of all the keys of the two Churches and Convents. These they have kept ever since, allowing the Abyssinians, who continue to come annually as pilgrims (increasing in number every year), to reside in the dilapidated ruin of their ancient Convent, but locking them up there every night.

The Abyssinians naturally assumed some degree of hope when Bishop Gobat arrived; they met him at the city gate, and the first words that his Lordship uttered within Jerusalem were addressed to them in their own language. Since that time some of their clergy have brought a letter from their King Ras Ali to his Lordship, and a letter of recommendation to me from Mr. Plowden, Her Majesty's Consul for Abyssinia.

Then came the interval between the decease of the late, and the arrival of the present patriarch of the Armenians, in which space of time the patriarchal vicar, a clever and cunning man, acting together with the Coptic Patriarch of Cairo, used the poor Abyssinians with great severity, beat them, chained them, and refused them access to the Church



except at rare intervals; but all this time they were laying their grievances before his Lordship our Bishop, and reminding him of their claims to large property, though unable to produce documents in support of those claims, except a certain stone inscription near the Church of the Holy Sepulchre.

At length his Lordship advised them to the course which they adopted: that of seizing the key of their church, immediately after Divine service, while the Coptic deacon was looking in another direction. The object aimed at was not only to recover possession of the key, but to throw upon the Copts and Armenians the burden of proving their right to regain it.

Then followed the circumstances in which I had a share, as detailed in my last despatch to your Lordship.

But during my excursion to Safed at the end of October, his Lordship wrote upon the subject to Colonel Rose, and an Order arrived in Jerusalem from his Excellency Wameek Pasha (by whose means obtained I know not), that the key should be restored to the same holders as before the troubles began.

Then arrived his Grace the new Patriarch of the Armenians, and found several abuses to rectify. In this case particularly he has adopted a different policy from that of the vicar and bishops. He has rebuked them in presence of the Abyssinians, then of our bishop's dragoman, and also of myself, professing himself the parent of both Copts and Abyssinians, and asking why should a father take a Church from one of his children to give it to another?

On the 5th instant I had a long conference with his Grace, who used expressions of ardent friendship, thanked me for bringing a green olive-branch, &c. It was at length agreed that the church is to be kept free for both convents, though the Copts are to hold the key. The practice of locking up at night is abolished; and should the Abyssinians have any cause of complaint, their complaint may be made through the British Consulate to the Patriarchate. This arrangement to be in force till both sides are able to enter upon documentary proof of property right.

This is a very important concession; for now the Armenians will no longer be able to beat the Abyssinians, or chain an iron collar round their necks, with a screw to tighten the collar, as they have done less than two years ago.

And again, the Armenian Convent can no more demand the Abyssinian Convent and Church for their own property, overlooking the Copts, as they did lately in a letter to his Lordship our bishop, and verbally to myself.

The present arrangement will not interfere with the daily feeding of a certain number of Abyssinians by the Armenians. Whether this is a distribution of alms, or a commutation for usurped landed property, may be discussed probably hereafter.

I have further to remark that those most conversant with such politics believe that the Patriarch is afraid of driving the Abyssinians to desperation, lest they should throw themselves upon the Anglican Church (especially as they are now constantly reading for themselves the Holy Scriptures, given by our Bishop), which might give them subsistence, and in virtue of its protection rebuild the Abyssinian Convent, which not only adjoins the Holy Sepulchre Church, but covers the subterranean chapel where it is believed Saint Helena found the crosses.

Finally, I should observe that the English influence is acknowledged in these transactions, in consequence of the letter of King Ras Ali to his ancient acquaintance, our bishop, and of the letter from Mr. Plowden to myself; but more especially because his Lordship has repeatedly assured myself and the Armenian authorities that King Ras Ali has petitioned Her Majesty's Government to have the Abyssinians in Jerusalem placed under British political protection; and his Lordship tells me that he is endeavouring to obtain the same by means of his Grace the Archbishop of Canterbury.

Inclosure in No. 3.

Plan of relative Position of Armenian, Coptic, and Abyssinian Convents and Churches at Jerusalem.

No. 4.

Viscount Palmerston to Consul Finn.

Sir,

Foreign Office, February 15, 1851.

I HAVE received your despatch of the 9th of December last,* detailing the steps taken by you and the Bishop of Jerusalem to effect a reconciliation between the Armenians, the Copts, and the Abyssinians residing in Jerusalem; and I have to state to you my approval of the steps taken by you, as detailed in your despatch.

I am, &c.

(Signed) PALMERSTON.

No. 5.

Bishop Gobat to the Earl of Malmesbury.—(Received July 6.)

My Lord,

9, Carlton House Terrace, June 29, 1852.

I HAVE the honour to forward to your Lordship two letters to Her Majesty, which were inclosed to me for further conveyance by their authors, Ras Ali and Dejjamatch Oobeay, the two independent Chiefs of Abyssinia, with a literal translation, the contents of both being exactly the same, with the exception of one or two words, which do not in the least affect the meaning. The letters have no date, but I have reasons for supposing that they were written about the beginning of the present year, in consequence of a meeting of the two Chiefs at Gondar with the King and some of the most influential ecclesiastics of Abyssinia, in which meeting it was resolved that the two Chiefs should write to Her Majesty the Queen of England, to ask her to authorize me to superintend and protect their countrymen visiting or residing in Jerusalem, and to authorize her representative to lend me his assistance when needed.

The Abyssinians not being in the habit of writing, your Lordship might have some difficulty to find out the precise purport of these two letters, and the practical point in question.

I therefore take the liberty of forwarding to your Lordship the accompanying statement relative to the subject in question.

I have, &c.

(Signed) S. ANGL. HIEROSOL.

Inclosure 1 in No. 5.

Letter from Ras Ali to Her Majesty the Queen.

(Translation.)

FROM the head of the judges, Ali, the Servant of God, the King of Kings, who is one in the Godhead and three in persons.

May this reach the Queen of England! How are you? Are you well, equal to heaven and earth? (That is, my desire for your well-being is infinite.) I desire and expect to be in friendship with you; may you also desire my friendship. What is it that, whilst you exist, my inheritance is taken from me? Whilst every one abides in his inheritance, I am deprived of mine. Now do (what is necessary) that I may not be deprived of my inheritance; (for) I have been deprived of the portion of ground belonging to Abyssinia, (in Jerusalem). To be deprived of one's inheritance is a hard thing; for the inheritance of the earth (of Jerusalem) is the inheritance of heaven. Let not my people (*lit.*, my relatives) be deprived (of their own) during your reign. Let, I pray you, Samuel Gobat be their keeper, that my relatives may not be removed from my inheritance. I pray you (*lit.*, the matter is now in your hand) send me word for whatever you want, and I shall send it.†

* No. 3.

† The above is a literal translation of Ras Ali's letter to Her Majesty. Dejjamatch Oobeay's letter contains exactly the same, with the omission of the last sentence.

Inclosure 2 in No. 5.

A Statement concerning the Present State of Abyssinians at Jerusalem.

THE Abyssinians affirm, and there are hints in ecclesiastical history to the same effect, that in former times they had considerable possessions in Jerusalem, of which they have been deprived, so that now there remains only the convent called Deir Essultan (in which there are at present about sixty pilgrims) in their possession; but that such property, of which they have from time to time been deprived, really belonged to them they cannot prove by any documentary evidence, unless such evidence could be found in the Archives of the local Government, for about twelve or fourteen years ago, when all the Abyssinians residing at Jerusalem had died of plague, their library, containing many valuable manuscript books, was entirely burnt by order of Ibrahim Pasha, with all the documents which might have served them to recover their property in these better times. I have myself seen the library twenty-five years ago, together with such documents; and that all those books and documents were consigned to the flames on the aforesaid occasion is most notorious in Jerusalem. The question, however, is not now about what was, I conceive irretrievably, lost on that occasion, but about the consequences of that conflagration, and of the remedy thereof.

When the last Abyssinian had died of the plague, about the year 1838, the Coptic priest took the keys of the Abyssinian convent and of a chapel belonging to it, at the instigation of the Armenian Patriarch, who has since claimed the right to dispose of both the convent and the chapel.

After these events new Abyssinian pilgrims arrived in such numbers that in the years 1849 and 1850 their average number was never less than one hundred, many of whom were both intelligent and respectable. Yet they were treated like slaves, or rather like beasts, by the Copts and Armenians combined; they could never enter their own chapel but when it pleased the Armenians to open it; and on one occasion, in consequence of which I felt it my duty to interfere, they could not get their chapel opened to perform the funeral service of one of their number. The key of their convent having remained, since the plague aforesaid, in the hands of their oppressors, they were locked up in their convent in the evening until it pleased their Coptic jailor to open it in the morning, so that in case of any severe attacks of illness, which are frequent there, even in small families, they had no means of going out to call for a physician.

Things were in such a state when, about two years ago, I received letters from the King of Abyssinia, from Ras Ali, Dejajmatch Oobeay, and several influential priests, asking me to take their convent and the pilgrims under my jurisdiction and protection, to choose one of the pilgrims, whom I considered most fit for it, and appoint him head of the convent, responsible to me alone, &c. To this I answered that I was most willing to give good advice, and to do for them all that was in my power as a friend to their people and country, where I had formerly been hospitably received, but that I could do nothing for them officially, unless I was authorised to do so by the Queen of England. And now it is in consequence of this hint that Ras Ali and Dejajmatch Oobeay were requested by the King* and a meeting of priests and others, to write to the Queen, as they now have done, to ask her to authorise me and (although the writer has forgotten it) the Consul of Jerusalem to take their countrymen and their convent under our superintendence and protection.

No. 6.

Chevalier Bunsen to the Earl of Malmesbury.—(Received July 6.)

*Royal Prussian Legation, London,
9, Carlton House Terrace, July 5, 1852.*

My Lord,

I HAVE the honour to inclose a letter of the Lord Bishop of Jerusalem,† transmitting to your Lordship petitions directed to Her Majesty by the two independent Chiefs of Abyssinia, Ras Ali and Dejajmatch Oobeay, and accompanied by a statement on the subject of the claims of these Chiefs who ask for the Queen's protection.

As the protection granted by the British Government to these influential men, whose claims seem just, would essentially contribute to promote the authority of the bishopric of

* The King, being of the ancient Royal family, is much respected and beloved by the whole people; but he has absolutely no power.

† No. 5.

Jerusalem, in which Prussia and England take an equally great interest, I take the liberty to recommend this question to your Lordship's kind consideration.

I have, &c.
(Signed) BUNSEN.

No. 7.

The Earl of Malmesbury to Bishop Gobat.

My Lord,

Foreign Office, July 10, 1852.

I HAVE had the honour to receive your letter of the 29th of June* inclosing two letters addressed by Ras Ali and Dejajmatch Oobeay to the Queen in pursuance of a resolution adopted at a meeting stated to have been held at Gondar between those Chiefs, the King, and some of the most influential ecclesiastics of Abyssinia, to the effect that Her Majesty should be requested to authorize you to protect and superintend their countrymen visiting or residing in Jerusalem, and to authorize the British agent residing at Jerusalem to lend you his assistance for that purpose when required.

I have to state to you in reply that Her Majesty's Government cannot undertake to protect officially the natives of Abyssinia who may chance to be residing in the territory of the Sublime Porte. But Her Majesty's Consul at Jerusalem will be instructed to use his good offices for them in case of need, as members of a Christian church in spiritual communion with the established church in this country.

In regard to yourself, the licence from the Crown under which you were consecrated, enables you to exercise spiritual jurisdiction as well in Abyssinia as in Syria; and I think it on every account desirable that, as a purely spiritual authority, you should confine your interference in behalf of Abyssinians visiting Jerusalem exclusively to spiritual matters.

I am, &c.
(Signed) MALMESBURY.

No. 8.

The Earl of Malmesbury to Chevalier Bunsen.

M. le Chevalier,

Foreign Office, July 10, 1852.

I HAVE the honour to acknowledge the receipt of your note of the 5th instant† inclosing a letter from Bishop Gobat, communicating memorials addressed to Her Majesty by two independent Chiefs of Abyssinia, and I have the honour to transmit to you under flying seal the reply which I have returned to Bishop Gobat's communication.‡

I am, &c.
(Signed) MALMESBURY.

No. 9.

The Earl of Malmesbury to Consul Finn.

Sir,

Foreign Office, July 10, 1852.

I TRANSMIT to you herewith copies of a letter, and of its inclosures, which I have received from Bishop Gobat, and of the answer which I have returned to it,§ respecting the wish which seems to have been expressed by the Rulers of Abyssinia, that the natives of that country visiting or residing at Jerusalem may be taken under British protection.

In pursuance of what I have stated in my letter to the Bishop, I have to authorize you, in case of need, to use your good offices for the protection of any Abyssinians who may chance to be in Jerusalem, as being members of a Christian Church in spiritual communion with the Established Church in this country.

I am, &c.
(Signed) MALMESBURY.

* No. 5.

† No. 6.

‡ No. 7.

§ Nos. 5 and 7.

No. 10.

Consul Finn to the Earl of Malmesbury.—(Received September 18.)

My Lord,

Jerusalem, August 17, 1852.

I HAVE the honour to acknowledge receipt of your Lordship's despatch dated 10th July,* authorising me, in case of need, to use my good offices in favour of the Abyssinian community in Jerusalem.

I shall very willingly attend to those instructions in favour of the poor and oppressed people, but I fear it will often require delicate management in using those friendly offices, since they have powerful enemies in the rich Armenian community and the vindictive Copts, and are themselves of very hot temperament.

Especial delicacy will be required if they should undertake to rebuild or make repairs in the convent.

Our benevolent aid will be certainly misunderstood, for the Oriental ecclesiastical establishments will not fail to regard this species of protection as an indirect step of the Protestants towards gaining a portion of the Church of the Holy Sepulchre, which they could not obtain otherwise. The Abyssinian Convent covers part of the sanctuaries, especially the reputed place of finding the crosses.

I have, &c.
(Signed) J. FINN.

No. 11.

The Earl of Malmesbury to Consul Finn.

Sir,

Foreign Office, September 28, 1852.

WITH reference to your despatch of the 17th of August,† I have to instruct you most carefully to avoid taking any step which may seem intended to obtain for the Protestant community at Jerusalem a portion of the Church of the Holy Sepulchre.

I am, &c.
(Signed) MALMESBURY.

No. 12.

Consul Finn to the Earl of Malmesbury.—(Received July 12.)

(Extract.)

Jerusalem, June 21, 1858.

I HAVE the honour to report the unusual circumstance of a visit to Jerusalem of persons in high rank, natives of Abyssinia.

These were, a Councillor of State (Maccar) named Michail (or Guebra Yussos), and a military commander of 3,000 Infantry and 7,000 Cavalry, as we were told. They were attended by a military officer on the part of His Highness the Viceroy of Egypt.

Their residence was in the Coptic convent, the adjoining Abyssinian convent being in too ruined a condition for their reception. And they repaired to the sacred localities of the Christian religion in Jerusalem and Bethlehem.

On the 10th instant I visited them, with which they expressed themselves much pleased.

I reminded them of their people, when in this country, being under Her Majesty's gracious protection, by your Lordship's directions in 1852; and that, aware of their depressed state in Jerusalem, I had lately taken advantage of a deputation returning thither to address a letter to the King, informing him of their protection here, and of my desire to carry out Her Majesty's benevolent intentions.‡ That I had lately established one of themselves as President over the rest, and should be glad if some effectual measures could be taken for confirming them in their right to their own convent here, which, although known by all parties to be theirs, as long as it is kept out of a legal Court, might be lost to them if contested, since all their documents were destroyed some years ago, probably at the instigation of the Copts and Armenians, under pretext of danger of plague.

The Maccar promised to recommend to his King the sending of a properly appointed officer to superintend the Abyssinian affairs in Jerusalem.

* No. 9.

† No. 10.

‡ No copy of this letter was sent home by Consul Finn.

Of late years I have had Abyssinian servants always in my household, and one of these has left this country in the train of the Maccar, in order to return with him to his home.

I find them an undisciplined but high-spirited people; proud of being independent of Mahometans, and, in their own country, able to cope with and resist the latter, on more than equal terms, in the name of Christianity.

They seem to me far more susceptible of improvement than Arab peasantry.

It is a remarkable fact that the Mahometans are in the habit of citing ancient traditions to the effect that the Abyssinians are destined to destroy Mecca and Medina.

And not less remarkable is the extraordinary reverence which in Abyssinia is paid to persons or objects reaching them from Jerusalem.

No. 13.

Consul Finn to the Earl of Malmesbury.—(Received July 5.)

My Lord,

Jerusalem, May 27, 1859.

I HAVE the honour to represent to your Lordship that the Abyssinian Colony in Jerusalem have lately been thrown into extreme terror by a report that the Grand Duke Constantine of Russia was about to purchase their convent from the Copts, who have no right whatever to that property, and to eject them from it.

This seems to have arisen from the circumstance of the Copts having sold to the Russians a small piece of land, undoubtedly their own, adjoining the convent of the Abyssinians, and from some Russian officer having been lately seen to inspect the latter with a paper in his hand.

It is the intention of the Russians to build their Consulate on the piece purchased as above mentioned, and there can be no doubt that the Abyssinian convent would be very advantageous for Russian objects, seeing that it lies between the intended Consulate and the Greek Church of the Holy Sepulchre.

But I have not been able to learn that any steps have been really taken for procuring that property.

This alarm, however, has awakened my attention afresh to the tenure of the convent by the Abyssinians which, as I have had the honour to report on several occasions, is unsupported by any remaining documents, for all documents of that nature were burned at the instigation of the Armenians many years ago, on pretence of their harbouring the plague.

I have formerly mentioned a stone tablet built into the wall of the Holy Sepulchre Church* as being said to substantiate their claim to the property; but on proceeding to take a copy of it by photography some years ago, it was found to be in the Georgian language, and probably referring to a Georgian convent which was formerly in that neighbourhood.

The truest demonstration of the Abyssinian claim lies in the fact of its recognition by universal oral testimony, and of its being undisputed by any existing party in Jerusalem.

Still, to obviate possible danger in future, it may be expedient to obtain some document from the Porte in which their right should be acknowledged; and perhaps this might be had by means of some petition of the Rulers of Abyssinia requesting Her Majesty's good offices with the Sublime Porte for that object, such, for instance, as a renewal of that presented in June 1852.†

For myself I should be rather inclined to leave the question at rest, and to watch carefully what takes place, in fact; inasmuch as every year adds to the value of oral testimony and actual possession. There might be a danger also of the Porte, when asked for a document, attempting to fetter the Abyssinians by an assertion of the Sultan's supremacy over their country.

But I believe it useful to enter the matter on record, at this period, by writing the present despatch.

My former despatches regarding the Abyssinians are dated November 30 and December 9, 1850; and June 21, 1853.‡

The documents which I have received from Her Majesty's Government on the subject are contained as inclosures in your Lordship's despatch of July 10, 1852.§

I have, &c.

(Signed) JAMES FINN.

* See No. 3.

† See Inclosure 1 in No. 5.

‡ Nos. 1, 3, and 12.

§ No. 9.

No. 14.

Consul Finn to Earl Russell.—(Received March 31.)

My Lord,

Jerusalem, March 13, 1862.

I HAVE the honour to inclose copy of my despatch of the 11th instant to Her Majesty's Embassy, respecting the Abyssinians in Jerusalem, and to request from your Lordship whatever relief may be possible on their behalf, by means of a recognition of that people as independent of Turkey, and, in this country, under English protection.

I have, &c.

(Signed) JAMES FINN.

Inclosure in No. 14.

Consul Finn to Sir H. Bulwer.

Sir,

Jerusalem, March 11, 1862.

I HAVE the honour to report to your Excellency that recently a quarrel took place on a Sunday during Divine Service in the church which is common to both Copts and Abyssinians, within the convent of the latter. From this circumstance, namely, that of position, such disputes do sometimes occur, especially respecting the keys, which are kept in duplicate. The Copts lately proceeded even to take off the old locks and replace them by new ones.

The Pasha immediately on hearing of the disturbance, repaired to the place with a whole battalion of Infantry, whom he stationed at their principal gate, namely in the open square before the Church of the Holy Sepulchre, into which Church he summoned the Abyssinian President, and then placed a guard at the small upper gate of the convent.

The larger force had orders to prevent the exit of the Abyssinians.

On this the poor timid people thought it time to call for my aid, and contrived to send me a messenger. I went thither to inquire into the proceedings.

As soon as I arrived the Abyssinian President found himself released; and he came to tell me that the Pasha had threatened to make him, by force, surrender the church and the way to it entirely to the Copts, which order, however, he steadily refused to obey, on the ground that he and his people are not Turkish subjects, but have an independent nationality, under English protection in this country.

And here we come to the real point at issue.

The Abyssinians in religion are under the same Patriarch as the Copts, and both are in perfect intercommunion of doctrine. The Turkish Government therefore regards them practically as one nation, and it is very much to be feared that some day the helpless Abyssinians will have to succumb to the Copts, under the powerful dictation of the Armenians, unless they be fully recognised by a formal document, to be foreigners to Turkish rule.

And I think the time is now come to ask for such a document.

I have the honour to refer your Excellency to my despatch of the 27th May, 1859,* to London, copy of which I inclosed to Her Majesty's Embassy on the 7th of June of that year, which gives full information on the subject of the Abyssinians.

His Excellency Sureya Pasha employs his utmost efforts to avoid recognizing them as non-rayahs.

I have, &c,

(Signed) JAMES FINN.

No. 15.

Consul Finn to Earl Russell.—(Received May 19.)

My Lord

Jerusalem, May 7, 1862.

I HAVE the honour to state to your Lordship that his Excellency Sureya Pasha came to me lately to impress upon my attention the political principle that the Sublime Porte will never recognize the Abyssinians as a people independent of their dominion, and

to assure me that all ancient Firmans or other documents issued on their behalf used to pass through the hands of the Civil Governor of Jeddah.

His Excellency informed me that he had been directed by his superiors to represent this to me in a friendly conversation.

I observed that Jeddah may have no more to do with Abyssinia than Calais has to do with England; and that as far as regards religious matters, in which the Abyssinian Church is subordinate to the Armenians in this country, this proves no more than the same relation of the Pope of Rome does to the Austrian, French, and Spanish Consuls here, who are yet independent of each other nationally.

I then reminded his Excellency that three or four years ago the Abyssinians were actually at war with the Pasha of Egypt, and gained some considerable advantages over him.

The Pasha contended that this proves no more than does the rebellious state of certain outlying towns in the Desert, which are yet counted in the Pashalic of Jerusalem.

As the conversation proceeded, I mentioned the political disruption of Algiers and of Greece from Turkey, and asked why the Porte did not claim those countries also.

His Excellency replied by asking sharply, "Has the Porte ever recognized her loss of Algiers?" and said that, on the contrary, "all Algerines coming to this country acknowledge themselves to be Turkish subjects. As to Greece, that its independence had been acknowledged because England had joined with the other Powers to compel the recognition."

I made no reference to the common idea that the Sultan claims to be King of India also, because I wished to exclude all controversy between ourselves that did not directly bear upon the question before us, namely the nationality of the Abyssinians.

The conversation concluded by my stating that I am awaiting directions from your Lordship and from Constantinople, and my promising to give him a letter on the subject of my protection of Abyssinians.

I here inclose copy of what I sent.

I also promised to use my friendly efforts to accommodate matters now in dispute between the Copts and Abyssinians.

For this he thanked me, but refused to join me in the task, as he could not recognize my right to exercise any jurisdiction in Abyssinian matters.

I have the honour to represent to your Lordship that this is not a mere matter of theory, such as the recognition of Algiers or of India to be free from Turkey, but that the Abyssinians are in danger of losing the last poor remains of their large ancient possessions in Jerusalem, if placed under a Turkish Pasha and so under the convents of their oppressors the Armenians and Copts, who are Turkish subjects.

For myself, I can have no interest, nor can Her Majesty's Government have any interest, in the question, except that of advocating the cause of a persecuted people.

I should explain to your Lordship, in conclusion, that I have been in the habit of giving passes to Abyssinians on their returning hence to their own country, but no other documents whatever on any occasion.

I have, &c.
(Signed) JAMES FINN.

Inclosure in No. 15.

Consul Finn to Sureya Pasha.

Excellency,

Jerusalem, May 2, 1862.

IN reply to your question of yesterday, I have the honour to state that whatever I have hitherto done on behalf of the Abyssinians here has been done by virtue of directions received from my Government in London ten years ago,* after the King of Abyssinia had written a letter to Her Majesty the Queen of Great Britain, asking to have his people placed under British protection while in Jerusalem.†

Yours, &c.
(Signed) JAMES FINN.

* No. 9.

† Inclosure 1 in No. 5.

No. 16.

Earl Russell to Consul Finn.

Sir,

Foreign Office, May 29, 1862.

I HAVE received your despatch of the 7th instant,* reporting what has passed between you and Sureya Pasha relative to your protection of Abyssinians at Jerusalem, and I have to refer you, for the guidance of your conduct in this matter, to the instructions given to you by Lord Malmesbury in his despatch of the 10th of July, 1852.†

I have nothing to add to those instructions except to enjoin you to act upon them with caution and prudence.

I am, &c.
(Signed) RUSSELL.

No. 17.

Earl Russell to Sir H. Bulwer.

Sir,

Foreign Office, June 5, 1862.

HER Majesty's Consul at Jerusalem has communicated to your Excellency a copy of his despatch of the 7th ultimo,* relative to his protection of Abyssinians at Jerusalem; and I now transmit for your information copies of the answer which I have returned to Mr. Finn, and of the former instruction which was addressed to him on this subject by the Earl of Malmesbury.‡

I am, &c.
(Signed) RUSSELL.

No. 18.

Sir H. Bulwer to Earl Russell.—(Received June 13.)

My Lord,

Constantinople, June 1, 1862.

I HAVE the honour to transmit to your Lordship herewith, a copy of a despatch which has been addressed to me by Mr. Consul Finn respecting the protection which, as it would appear, he has been in the habit of according to the Abyssinians established at or visiting Jerusalem.

On referring back to previous correspondence on this subject, I find that Mr. Finn alludes to an instruction from the Earl of Malmesbury, dated July 10, 1852,† but I am not aware that a copy of that despatch was ever communicated to the Embassy.§ I am consequently somewhat at a loss to perceive under what authority Mr. Finn has assumed the protection of these people, and should feel obliged by your Lordship's instructions on the subject.

I have, &c.
(Signed) HENRY L. BULWER.

Inclosure 1 in No. 18.

Consul Finn to Sir H. Bulwer.

Sir,

Jerusalem, May 5, 1862.

I HAVE the honour to state to your Excellency that Sureya Pasha came to me lately to impress upon my attention the political principle that the Sublime Porte will never recognize the Abyssinians as a people independent of their dominion, and to assure me that all ancient Firmans or other documents issued on their behalf used to pass through the hands of the Civil Governor at Djeddah, also that in Jerusalem, matters there were placed under the Armenian Patriarch.

His Excellency informed me that that he had been directed by his superiors to represent this to me in a friendly conversation.

I observed that Djeddah may have no more to do with Abyssinia than Calais has to do with England, and that as for religious matters, in which the Abyssinian Church is subject

* No. 15.

† No. 9.

‡ Nos. 16 and 9.

§ See No. 17.

to the Armenians, this proves no more than the same relation of the people of Rome does to the Austrian, French and Spanish Consuls here, who are yet independent of each other politically.

I then reminded his Excellency that three or four years ago the Abyssinians were actually at war with the Pasha of Egypt, and gained considerable advantages over him. The Pasha contended that this proves no more than does the rebellious state of certain outlying towns in the desert, which are yet counted in the Pashalic of Jerusalem.

As the conversation proceeded, I mentioned the political disruption of Algiers and Greece from Turkey, and asked why the Pasha did not claim those countries also?

His Excellency replied by asking sharply, "Has the Porte ever recognised her loss of Algiers?" and said that on the contrary "all Algerines coming to this country acknowledge themselves to be Turkish subjects. As for Greece, its independence has been acknowledged because England joined with the other Powers to compel the recognition."

I made no reference to the common idea that the Sultan claims to be King of India also, because I wished to exclude all controversy between ourselves that did not directly bear upon the question before us, namely, the nationality of the Abyssinians.

The conversation concluded by my stating that I am awaiting directions from your Excellency and from London, and my promising to give him a letter on the subject of my protection of Abyssinians here. I here inclose copy of the letter which I sent him.

I also promised to use my friendly efforts to accommodate matters now in dispute between the Copts and Abyssinians.

For this he thanked me, but refused to join me in it, as he could not recognize my right to exercise any jurisdiction in Abyssinian matters.

I have the honour to represent to your Excellency, that this is not a mere matter of theory, such as the recognition of Algiers or of India to be free from Turkey, but that the Abyssinians are in danger of losing the last poor remains of their large ancient possessions in Jerusalem, if placed under a Turkish Pasha, and so under the convents of their oppressors, the Armenians and Copts, who are Turkish subjects.

For myself I can have no interest, nor can the British Government have any interest in the question, except that of advocating the cause of a persecuted people.

I should explain to your Excellency in conclusion, that I have been in the habit of giving passes to Abyssinians on their returning hence to their own country, but no other documents whatever on any occasion.

I have, &c.
(Signed) JAMES FINN.

Inclosure 2 in No. 18.

Consul Finn to Sureya Pasha, May 2, 1862.

[See Inclosure in No. 15.]

No. 19.

Consul Finn to Earl Russell.—(Received June 23.)

My Lord,

Jerusalem, June 3, 1862.

I HAVE the honour to inclose for your Lordship's inspection, a copy of my despatch of this day's date, addressed to Her Majesty's Ambassador at Constantinople, respecting the ill-treatment of the Abyssinians here.

The two despatches from me to his Excellency, referred to in the commencement of the inclosed, I have already sent in copy to your Lordship, on the 13th of March and 7th of May respectively.*

I have, &c.
(Signed) JAMES FINN.

Inclosure in No. 19.

Consul Finn to Sir H. Bulwer.

Sir,

Jerusalem, June 3, 1862.

I HAVE the honour to state to your Excellency, in continuation of my despatches of the 11th March and of the 5th May† respecting the Abyssinians in Jerusalem, that their

* See Nos. 14 and 15.

† See Inclosures in Nos. 14 and 18.

neighbours the Copts have lately taken to beating them more than formerly, both men and women, and otherwise in several petty ways illusing them, besides breaking open the locks of the church. And I am unable to obtain any redress on their behalf, as the Pasha is absent on a journey, and the Local Council acting for him in the city refuse (as they say by his direction) to hear any Abyssinian complaint in which the English Consul interferes, and in which these people do not come into Court as *bond fide* Turkish subjects.

I beg to add that this is a case of real hardship, and likely to lead to further evils, the Turkish authorities maintaining obstinately that the Abyssinians are their subjects, and the Copts and Armenians taking advantage of this principle being asserted to tyrannise over them.

As long as this question remains unsettled, we are unable to enter into the details of dispute in order to promote a final arrangement of them. I therefore beg of your Excellency to furnish me with instructions on the subject as early as possible.

I have, &c.

(Signed) JAMES FINN.

No. 20.

Consul Moore to Earl Russell.—(Received October 15.)

(Extract.)

Jerusalem, October 3, 1863.

I HAVE the honour to transmit herewith, for your Lordship's information, copy of a despatch which I addressed to Her Majesty's Ambassador at the Porte on the 28th ultimo.

I have, &c.

(Signed) NOEL TEMPLE MOORE.

Inclosure in No. 20.

Consul Moore to Sir H. Bulwer.

Sir,

Jerusalem, September 28, 1863.

I HAVE the honour to state to your Excellency that the long standing dispute between the Coptic and Abyssinian Communities established at Jerusalem respecting the proprietorship of the convent and chapel adjoining the church of the Holy Sepulchre, lately broke out afresh. The Convent has hitherto been in the possession of the Abyssinians, whilst the chapel was common to both parties. The ownership of the buildings was claimed by either sect.

The Copts having laid their case before the Turkish authorities, the Abyssinians addressed themselves to me. I sought an interview with Khourshid Pasha with the view of using my good offices in favour of the Abyssinians for the purpose of bringing about an amicable adjustment of the dispute. On stating to the Pasha the object of my visit, his Excellency at once met me with the inquiry whether there existed in the Consulate any Firman or Vizirial Letter instructing the Governor of Jerusalem to recognise the British protection of the Abyssinians. I had to reply in the negative. He then said that in his own general instructions the Abyssinians were designated as Turkish subjects, and proceeded to read to me extracts from some official documents which certainly appeared to bear out his statement on this head; his Excellency added that under these circumstances he could not entertain any representations or admit any right of intervention on my part in behalf of the Abyssinians, and concluded by inviting me, if not satisfied, to write to him officially on the object of my visit.

As to the second alternative proposed by his Excellency, I did not consider myself authorised, looking to my predecessor's instructions and correspondence on the subject of the Abyssinians, to adopt it, and I moreover felt that it could but lead to the same conclusion already thus verbally announced by the Governor.

The case was proceeded with at the Medgliss, under the presidency of the Pasha himself, and in the presence of both parties. The decision of the Medgliss was given in favour of the claims of the Copts, with the proviso that the Abyssinians were to be allowed to make use of both the Convent and Chapel under certain conditions.

Not having assisted at the inquiry I am unable to form an opinion as to the justice of this verdict. It appears that neither party had more than oral testimony to adduce in support of their respective pretensions, but the Abyssinians could add to this the fact of

possession. They also allege that their written titles were burnt, purposely, by the Armenians and Copts during the panic and confusion of the last visitation of the plague in this city, at the time of the Egyptian domination.

The Abyssinians came to me with complaints of the injustice of the decision of the Medgliss. I told them that if they would address to me a statement of their case, with all the evidence they could furnish, I would undertake to submit it to your Excellency for your consideration, with such recommendation to your Excellency's favourable notice as I could properly give. This they have not done, and it is understood that they are preparing to abandon Jerusalem altogether and return to their country, a course their head priest has already followed.

No. 21.

Earl Russell to Consul Moore.

Sir,

Foreign Office, September 27, 1865.

THE attention of Her Majesty's Government has been drawn to a statement that one of the causes of the ill-treatment of British subjects has arisen out of your not having afforded to Abyssinians in Jerusalem that protection which was given to them by your predecessor, and of having asserted that in thus acting you were obeying the orders of Her Majesty's Government.

I have now to desire that you will inform me whether this statement is correct, and, if so, to what orders you refer as prohibiting you from rendering assistance to Abyssinians, and as superseding the positive orders given by the Earl of Malmesbury, in July 1852,* to Her Majesty's Consul at Jerusalem, to use, in case of need, his good offices for the protection of any Abyssinians who might chance to be in Jerusalem, as being members of a Christian Church in spiritual communion with the Established Church of this country, and which orders were repeated by me in May 1862,† and are still in force for your guidance.

I am, &c.
(Signed) RUSSELL.

No. 22.

Earl Russell to Consul-General Eldridge.

(Extract.)

Foreign Office, September 27, 1865.

I TRANSMIT to you a despatch which I have addressed to Mr. Consul Moore at Jerusalem, respecting an allegation which has become a matter of public notoriety, that he has failed to afford to Abyssinians in the Holy City the good offices ordered by Her Majesty's Government to be given to them.

This allegation is somewhat confirmed by the tenor of a report which I find that Mr. Moore made to Sir H. Bulwer on the 28th September, 1863, a copy of which I inclose,‡ and by which you will see that, instead of carrying out the instructions of Her Majesty's Government, he offered no remonstrance to objections raised by the Turkish Governor to his interference, nor to the assertion of the Pasha that Abyssinians were Turkish subjects. Mr. Moore's predecessor had rendered good offices to Abyssinians as members of a Christian Church in spiritual communion with the Church of England, and Mr. Moore should equally have remonstrated against the language of the Pasha and the acts of the Turkish authorities; but if a British Agent submits, without protest at the right time, to whatever may be said to him by a foreign authority and thus leaves the instructions of his Government to be dealt with in a different spirit to that in which they were framed, such Agent becomes practically of little use.

* No. 9.

† No. 16.

‡ See Inclosure in No. 20.

L A B U A N.
(—————)

RETURN to an Address of the Honourable The House of Commons,
dated 16 February 1872 ;—for,

COPY of GOVERNOR POPE HENNESSY'S MEMORANDUM on the Union of
LABUAN to the STRAITS SETTLEMENT."

Colonial Office, }
March 1872. }

E. H. KNATCHBULL-HUGESSEN.

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MEMORANDUM on the UNION of LABUAN with the STRAITS SETTLEMENTS.

Act of 1866.

1. THE Preamble of the Act to provide for the Government of the Straits Settlements (29 & 30 Vict. c. 115) recites that "it may be hereafter expedient to include the Colony of *Labuan* within the Government of the Straits Settlements;" and with that object the 3rd clause authorises Her Majesty to empower three or more persons within the Straits Settlements "to exercise in respect to the Island of *Labuan* and its dependencies all or any of the powers and authorities hereinbefore vested in Her Majesty in respect to the said Settlements."

2. This Act was passed in 1866. The reasons that existed then for contemplating the union of *Labuan* with the Straits appear to be strengthened by subsequent changes.

3. The general principle on which the grouping of colonies may be recommended have been justified by some striking examples since 1866; this Memorandum, however, does not deal with such principles, but merely with the special reasons bearing on the case of *Labuan* in its relation to the Straits.

FINANCE.

4. In 1866 nearly half the cost of *Labuan* was borne by the Imperial Exchequer, and if the union had then taken place, and no fiscal changes had been made, *Labuan* would be drawing, as *Malacca* still does, on the taxpayers of *Singapore*. Now all this is changed, and *Labuan* can enter on the partnership with a clear balance-sheet, showing the local revenue in excess of the expenditure, and carrying on, as a surplus fund, some savings from the last few years. Nearly all the revenue is raised by the same means in both Colonies, that is, the agency of Chinese revenue farmers; in *Labuan* the chief items are opium, spirits, and tobacco; in the Straits, opium, spirits, and a Stamp Act. The success of Governor Sir Harry Ord's

MEMORANDUM ON THE

Ord's opium ordinance in the Straits induced the Government of Labuan to imitate it in 1870, and this main branch of revenue is now secured till 1st January 1874. In a Despatch from Labuan, No. 53, of the 23rd of November 1870, some remarks are made on the permanent revenue of the Colony.

ACCOUNTS.

5. One difficulty found in dealing with the finances of Labuan arose from the absence of a real audit. Something has been done to check the lax system that prevailed, but it cannot be said that a prompt and unbiassed audit has been secured. A small increase of salary is given to the Colonial Secretary as Auditor, but the same gentleman is Registrar of the Court and Storekeeper, and he has to audit his own books. In 1869 this gentleman's predecessor got into trouble partly on this account. The contemplated union would remedy this want of real audit, and the experience of the Auditor General at Singapore would, in other ways, be valuable to the Labuan Treasurer, and to the Collectors of Revenue.

6. The Government of Labuan is put to some trouble and expense by having to keep an account with an agent at Singapore. It is sometimes difficult to get this agent to furnish vouchers in the form required by the Treasury Regulations. All this inconvenience would be obviated by the union.

COMMERCE.

7. In 1866 the total value of imports and exports was under 200,000 £.; now it is over 400,000 £.

8. Commercially, Labuan is an outpost of Singapore trade. The articles known as Straits produce are to be found in abundance in Borneo and the islands to the north of Labuan. The north-east coast of Borneo and the islands of the Sooloo Sea are far richer in such articles than any district of the same extent nearer to the Straits. Labuan is the natural depôt for the trade of the north-east coast, and of Sooloo. It is at this moment opening up new markets to the Straits by developing resources hitherto untouched, such as those of the Jawi-Jawi Islands and of Magindanao. Probably the finest and largest quantity of pearls that reach Singapore are those that come through Labuan traders. The quantities of gutta percha, india-rubber, beeswax, sago, camphor, and birds' nests gathered into Labuan and re-exported to Singapore, are increasing every year, whilst some of these articles show signs of becoming exhausted in places which formerly supplied the three settlements in the Straits. More than one-third of the gutta percha and india-rubber now imported into England from Singapore is collected by Labuan traders.

9. The union would doubtless encourage the establishment in Labuan of a branch bank and a branch office of a marine insurance company. By means of these, advances could be obtained on bills of lading, thus enabling the local traders to turn their capital to account in the usual way. Owing to the absence of these institutions, and to the brisk supply of native produce, the rate of interest in Labuan is two per cent. a month, and for small sums much higher.

10. Nearly all the Chinese merchants in Labuan are either partners or agents of Singapore houses. They frequently find their commercial transactions hampered by the absence of any common jurisdiction to enforce contracts made only in one place. They complain that whilst their trading system in Labuan is really a part of the Singapore system, yet that the courts of law and all the relations of the Government to the trade are totally distinct in both places.

LEGISLATION.

11. Lieutenant Governor Napier drew the earlier Ordinances, which still constitute an important part of the laws of the Colony. He was from the Singapore Bar, and his legislation has long taught the people in Labuan the spirit and practice of the laws of the Straits. The Ordinances passed in Labuan since 1867 have also been modelled on the legislation of the Straits. In this respect, therefore, the union would be felt to be a very natural one.

12. Owing to the absence of European merchants and to the state of the establishment, the legislative body in Labuan has not been at all efficient.

ADMINISTRATION OF JUSTICE.

13. Important cases connected with the coal company have come before the General Court, when there was not a single person present who had any legal training; in some actions there have been claims for thousands of pounds; in others, complicated questions had to be decided respecting the interpretation of elaborate contracts between a board of London directors and their manager, with whom they were liquidating in Labuan.

14. The Chinese traders can have no certainty that what their partners in Singapore find to be British law will likewise be British law in Labuan.

15. Similar remarks apply to the criminal side of the General Court. For many years the judges' notes appear to have consisted only of the names of the witnesses and the sentence. When the records are more complete they often show a disregard of the laws of evidence. For three years past juries have been empanelled in all criminal cases, and thus the common sense of the community comes to the aid of the court; but the fact remains, that the absence of professional knowledge may involve in error a court which exercises the jurisdiction of a Court of Chancery, of the highest Courts of Common Law, and of an Ecclesiastical Court, which imposes sentences of death and of penal servitude, and administers all intestate estates.

16. The increasing trade in recent years, the established fact that the coal company is to be a large and successful undertaking, the building of new sago works, and of numerous brick warehouses and shops, are good reasons why the local taxpayers who now defray the whole cost of maintaining the Colony should expect the Government to provide an efficient administration of justice. This would be at once accomplished by uniting Labuan to the Straits.

BOARD OF TRADE INQUIRIES.

17. It not unfrequently happens that questions about shipwrecked sailors, &c., arise in the neighbourhood of Labuan, which according to law should be decided in the first Colony to which the sailors come, but which it is found necessary to send on to the authorities in Singapore. The union of the two Colonies would enable the Merchant Shipping Acts to have some practical operation in Labuan.

ECCLESIASTICAL.

18. A recent Act (32 & 33 Vict. c. 88) has separated the Straits Settlements from the Diocese of Calcutta. Her Majesty's Letters Patent have since incorporated the Straits Settlements in the Diocese of Labuan; and the Cathedral of Labuan is now St. Andrew's Church, Singapore. So far the union of the Colonies has been carried out.

CIVIL ESTABLISHMENTS.

19. The union would enable a saving to be effected. The Governor has at present a salary of 800 *l.* from the Colony, together with 300 *l.* as salary and 200 *l.* as an allowance from the Foreign Office as Consul General in the Island of Borneo. He has also a private secretary at a salary of 150 *l.* After the union, a Lieutenant Governor receiving 1,000 *l.* a year, half from the Colony and half from the Foreign Office, would do the necessary work, and the post of private secretary would be abolished. This would save on the Governor's establishment 450 *l.* per annum. Similar reductions might be made in two other departments.

20. The reduction of expenditure is, however, not worth mentioning, compared with the increased efficiency that the Union would give to every branch of the Labuan establishment.

21. The foregoing paragraph (5), headed "Accounts," has touched on the evident advantage of passing the Labuan accounts through the office of the Auditor General at Singapore. In questions bearing on the construction of a railway, of wharves, of docks, and other public works (some of which are actually in hand), the

MEMORANDUM ON THE

advice of such an officer as Major McNair would be of great assistance to the surveyor in Labuan. Indeed, a similar remark may be made about every department in the island.

22. The prospect of promotion in the united Colony would make the officers in Labuan think less of their isolation. Even the social and sanitary consequences of a change from one place to the other would probably increase the efficiency of the establishment.

DEFENCE.

23. The military establishment in Labuan is now being withdrawn, and an armed police is being substituted for it. It is understood that the Straits will soon follow this example. The advantages of an interchange of such a force are obvious. The occasional visit of a Straits Government steamer to Labuan would render this feasible, and be an additional security for the safety of the Colony.

24. The union would probably furnish Singapore with better materials for its defence than it at present seems to possess. The Chief Superintendent here has reported that the new serjeants from the Royal Irish Constabulary, having spent some weeks in Singapore, and observed with attention the police force there, are of opinion that the Labuan police are, in physique and bearing, far superior to them.

25. No doubt this is owing to the fact that many of the races in Borneo are superior in strength and stature to those of the Malay Peninsula. The mountain ranges in that part of Borneo adjacent to Labuan are inhabited by a race similar to the Dyaks of Western Borneo. Here they are called Mooruts. Some of them have settled in Labuan, and a few of the women have intermarried with the Chinese. Their off-spring is physically a powerful and good-looking race. The Kyans and the Dusuns, many of whom are in Labuan, are also far superior, for the purposes of a native police, to the very best of the Malays. These people are not Mahometans; indeed they profess to have no religion: so that the trouble that is sometimes caused by the peculiar tenets of Malay soldiers or police is not experienced in dealing with them. Men recruited from such races would not join in any fanatical conspiracy.

THE CONVICTS.

26. Among the many changes that have occurred in the relations of the Straits and Labuan since the Act of 1856, perhaps none is so important as that respecting the convicts. Since then convicts from the Straits have been sent to Labuan, and they are gradually volunteering to work underground at the colliery. By Her Majesty's Order in Council of 24th October 1870, a permanent agreement between the two Colonies is sanctioned, which enables convicts to be sent to Labuan from the Straits, from time to time, as the Governors may think proper; such convicts to be dealt with by the same rules as to tickets-of-leave that prevail in the Straits. So far, a sort of partial union may be said to be established.

27. A complete union would possess many advantages which this arrangement wants; it would enable Labuan convicts, when necessary, to be transported to the Straits. In a small place like this, a local convict of any influence or importance may cause trouble, which would be avoided by sending him away. Again, a charge of apparent unfairness may be connected with the different treatment of convicts in the same prison as respects their tickets-of-leave.

28. The union, by allowing a temporary exchange of officers, would enable the Labuan turnkeys and paid mandors to learn practically the admirable discipline and system of the Singapore Gaol.

POST OFFICE.

29. If the Labuan post office were connected with the post office at Singapore the uncertainty and delay that now occur in the transmission of letters would be avoided. The last ship that brought letters to Labuan brought four
English

English mails. Whilst these mails were lying at the post office at Singapore two steamers and a sailing ship left for Labuan, without bringing any letters. In addition to delays of this sort, the Postmaster at Labuan has to use Straits postage stamps, and to keep up a rather intricate account with Singapore owing to the different postage rules in the two Colonies.

POPULATION.

30. The Chinese traders in Labuan are mostly from the Straits. Mr. Lee-Ching-Ho, the Labuan opium farmer, is son to the former opium farmer at Malacca, and brother to one of the present opium farmers at Singapore. Captain Mahsoo is a native of Malacca. In a Despatch from Labuan, No. 6, of the 25th January 1870, paragraph 20, the establishment of Chinese traders from Singapore in some of the new brick houses is reported. The union would give great satisfaction and encouragement to all these people.

31. The Kadyans, Dusuns, and other natives not engaged in trade, are extremely peaceable. The paragraph headed "Defence" touches on some advantages that the Straits might gain by recruiting a police force from the population of Labuan and its neighbourhood.

COAL.

32. It is evident that the working of the mines and the sale of the coal would be facilitated by the union. The Straits would also gain by consuming Labuan coal in the Government steamers.

DISTANCE.

33. Finally, on the question of remoteness, the great colonies of the East furnish precedents. The distance between Labuan and Singapore (707 miles) is less than the distance between Manilla and outlying parts of the Philippine Islands, or the distance between Batavia and many of the Dutch settlements under the rule of the Governor General, or the distance between Mauritius and the Seychelles (904 miles).

(signed) *J. Pope Hennessy.*

L A B U A N.

COPY of GOVERNOR POPE HENNESSY'S MEMO-
RANDUM on the Union of LABUAN to the STRAITS
SETTLEMENT.

(*Sir Charles Addeley.*)

*Ordered, by The House of Commons, to be Printed,
6 March 1872.*

REPORT

ON THE

RED RIVER EXPEDITION OF 1870,

BY

ASSISTANT CONTROLLER IRVINE, C.M.G.,

WITH PREFACE.

Presented to both Houses of Parliament, by Command of Her Majesty, 1871.

LONDON:

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1871.

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REPORT on the Red River Expedition of 1870, by Assistant Controller Irvine, C.M.G., with Preface.

THE first hint that the services of the Control Department were likely to be required for an expedition to Fort Garry was given to Acting Deputy Controller Martindale on the 5th April, but no definite understanding on the subject was come to till the 11th of that month.

Attention was diverted for the next few days to the anticipated Fenian raid on Canada, so that when Assistant-Controller Irvine arrived on the 15th from England, detailed to take charge of the Expedition, he found no preparatory steps had been taken, beyond the arrangement made, as a necessary preliminary, between General Lindsay and the Dominion Government, that the Control Department should have entire charge of the Expedition, both as regards the Regular Forces and the Militia, and that the share of expense to be borne by the Dominion Government should form a matter for subsequent investigation.

Conferences were held during the next few days to arrange the route to be taken, and to settle questions of supply, transport, equipment, &c.; and on the 22nd April tenders were advertised for, to be sent in at latest by the 30th, Mr. Irvine being detached at once to Toronto and Collingwood to take stock of the transport and supplies which had already been procured by the Dominion Government, and Deputy Commissary Wilkinson being instructed to make all necessary preparations at Toronto, where it was arranged that the Force should rendezvous.

On the 2nd and 3rd May tenders were accepted. The supplies obtained by them were reasonable in cost, and gave entire satisfaction throughout the Expedition.

The next few days were spent by Colonel Martindale in going to Collingwood and taking up steam transport, satisfactory arrangements having been almost completed when all negotiations were brought to an abrupt termination by a telegram from Ottawa, that the steam transport was to be arranged entirely by the Postmaster-General of the Dominion Government.

Time slipping by, General Lindsay, on the 11th May, instructed Colonel Martindale not to wait for sanction from the Government; and arrangements for transport were at once concluded with the Northern Railway of Canada and the owners of available steam-boats at 15 per cent. under the ordinary tariff.

The general arrangements for the Expedition had meantime progressed. A change in the ration necessitated further supplies of tea, sugar, and tins; 3,000 bags were purchased for the conveyance of flour, biscuits, and pork from Thunder Bay; and the whole energies of the Control Department at the main stations of Montreal, Quebec, and Kingston were being heavily taxed, for in addition to pushing forward stores to Toronto in readiness for shipment, many articles which could not be purchased, such as waterproof bags for blankets, and covers for pouches, had to be made in store; and the Department was already abnormally pressed by the shipment of stores to England, consequent on the withdrawal of troops from Canada.

The first steamer of the season, laden with a general cargo, left Collingwood for Thunder Bay on the 7th May; but being refused a passage, by the United States' Government, through the Sault St. Marie Canal, was compelled to land her freight on the Collingwood side.

It is well to describe exactly the effect of this refusal on the Expedition, for its difficulties were materially increased by it.

An excellent line of railway runs (a distance of 94 miles) from Toronto to the wharves at Collingwood, the shipping port for Lakes Huron and Superior, and therefore for Thunder Bay, some 700 miles further on.

Half way between Collingwood and Thunder Bay, to avoid the rapids between Lakes Huron and Superior, the Sault St. Marie Canal has been constructed, $2\frac{1}{2}$ miles long, in United States territory; and the refusal of a passage through it consequently rendered through shipment to Thunder Bay, as intended, impracticable.

All stores, supplies, and men had to be landed on the Canadian shore of the rapids at the Lake Huron end, transported on land, and re-shipped on Lake Superior.

It necessitated, too, the engagement of fresh steamers, which, when engaged, could

not lie within a mile of the shore, so that communication had to be carried on by means of scows.

It raised claims for wharfage and storage, and damaged the stores by crowding and transshipment, to the great increase of delay, confusion, and expense.*

The Force, the first detachment of which left Toronto on the 14th May, and reached Sault St. Marie on the 16th, consisted of 1,214 officers and men, and about 400 voyageurs and 100 teamsters—a total, say, of 1,700 men, for whom transport had to be provided, and supplies, the country between Thunder Bay and Fort Garry, a distance of 600 miles, producing nothing.

There was some little confusion at first at the Sault St. Marie Canal, in consequence of the unexpected disembarking there of men and stores; but a camp was soon pitched, and stores were placed under shelter, some in the Hudson Bay Company's buildings, and the remainder under tarpaulins.

The next three weeks were occupied in fitting up transport for carrying horses, &c., in unloading and loading, and in sending on supplies and men to Thunder Bay, the last detachment leaving Sault St. Marie on the 19th June, and reaching Prince Arthur's Landing at Thunder Bay on the 22nd.

Owing to the shallowness of the water, the steamers, both at Sault St. Marie and at Thunder Bay, had to lay some distance off the shore. Stores had consequently to be put on board and landed by means of scows, and considerable loss was occasioned, for the packages were not sufficiently strong to bear the constant handling.

The conduct of the Expedition from Thunder Bay being described at length in Assistant Controller Irvine's Report, it is only necessary to give here the general conclusions on the conduct of the Expedition arrived at by Colonel Martindale:—

"The delay," he writes, "that occurred, firstly, before the Control Department received any information regarding the proposed Expedition, and, secondly, before it was placed in a position to act, is to be regretted. It compelled many things to be done hurriedly that would have been the better for more time, and, in conjunction with its other duties, placed an undue and excessive pressure on the Department.

"Supplies were provided for a Force of about 1,700 men. They proved ample and of excellent quality, and met the wants of the Expedition.

"The question of the manner in which the supplies should be packed and carried was considered at the conferences regarding the Expedition, and the best advice that could be obtained was followed, but many of the packages proved too weak for the work they had to undergo. This arose partly from the unexpected transshipment at the Sault, and partly from its having been found more convenient not to shift the contents into bags at Thunder Bay, as originally intended. The tins supplied to carry the tea, sugar, and pepper, answered excellently.

"A sum of 1,500*l.* was taken up by Assistant Commissary Jolly on the 19th of May, on proceeding to Thunder Bay, and a further sum of 2,400*l.* by Commissary Pennell, on 20th June. At the close of the Expedition it was found necessary to send a final sum of 1,000*l.* sterling by an Officer of the 1st Battalion 60th Rifles, no Control Officer being available. The remainder required was raised in small sums at Thunder Bay, and by bills cashed by the Hudson Bay Company at Fort Garry.

"Mr. Dawson's accounts have not yet been received, but unless these greatly exceed what has been estimated for them, it would appear that the cost of the Expedition (not including the pay of the troops) will not exceed 91,487*l.*, the amount of the estimate referred to in paragraph 55.

"The officers selected by me originally for the Expedition represented every branch of the Control, except the Barrack. They were found able to deal with any Control duties they were called on to perform, and they worked in perfect harmony together.

"The experience gained from this service in Canada must, in my opinion, be considered as favourable to the Control system. Called upon, with a much diminished establishment, to deal suddenly and within a period of six months with a Fenian raid, with the Red River Expedition, with the disposal and shipment home of a vast quantity of stores, and with the changes consequent on the withdrawal of the troops, the Department has met the calls made upon it, in addition to its ordinary duties, with a quickness, united action, and success which may fairly be attributed to the union of the several branches into one Department under one Head; while the power afforded to the Controller of utilising any officer for any work for which he was at the moment most wanted, was found in many instances very necessary, and unquestionably enabled a lesser staff to be maintained, and emergencies to be better met and overcome."

* The restriction was subsequently removed as regards stores other than munitions of war, but not till too late to be of much avail.

Quebec, 25th October, 1870.

The Military Force was composed as follows:—

Force.

	Officers.	N. C. Officers and Rank and File.
Detachment of Royal Artillery	1	19
" Royal Engineers	1	19
1st Battalion 60th Royal Rifles	26	351
Army Service Corps	..	12
Army Hospital Corps.. .. .	..	8
1st, or Ontario Militia	28	350
2nd, or Quebec Militia	28	350

Colonel Wolseley, Commanding.

Lieut.-Colonel Bolton, R.A., Deputy-Assistant Adjutant-General.

Major M'Leod, Brigade Major, Militia.

Lieut.-Colonel M'Neill, V.C., attached to Staff.

Surgeon-Major Young, M.D., 1st Battalion 60th Rifles,
Principal Medical Officer.

Staff Assistant Surgeons Shaw, Robertson, and Chatterton.

Assistant Controller, Irvine.

Commissary (late Assistant Commissary-General) Pennell.

“(late Purveyor) Mellish.

Deputy Commissary (late Deputy-Assistant Commissary-General) Marston.

" " (" " " ") Meyer.

" " (" " " ") Beamish.

Assistant Commissary (late Deputy-Assistant Superintendent of Stores) Jolly.

Captains Nagle and Money, half-pay, late Royal Canadian Rifle Regiment, as
Acting Deputy Commissaries.

Lieutenant Smyth, half-pay, late Royal Canadian Rifle Regiment, as Acting Assistant Commissary.

From the Militia, Captain Peebles was attached as a Deputy Commissary.

Total of all ranks, 1,214.

The Force landed at the end of the road leading from Thunder Bay, Lake Superior, to Lake Shebandowan, a point about $3\frac{1}{2}$ miles from the mouth of the Kemanistaquia River, on which is the Hudson Bay Company's post, Fort William.

The place was named by Colonel Wolseley, "Prince Arthur's Landing."

The first detachment landed here on the 25th May, the last on the 21st June.

The following was the cause of delay in landing the small Force:—It was found that on the Lakes Huron and Superior there were but four British steamers running—the “Chicora,” “Algoma,” “Frances Smith,” and “Warbuno.” The two first carried the mails from Collingwood, on the Georgian Bay, to Fort William; the two last only traded on Lake Huron. Besides the men to be conveyed, we had to transport 150 horses, 36 draught oxen, and all the stores necessary for the Expedition. The “Chicora” and “Algoma” could with difficulty carry about 200 men, with from 30 to 40 horses. The “Frances Smith” was a large steamer, and could have carried many more. An agreement was made that she was to go off her usual course, and make trips through to Thunder Bay, but she failed in the first attempt. Owing to the inebriety of the Captain, the troops

and stores had to be landed from her at Sault St. Marie. The "Warbuno" was a small craft, capable of carrying but a company of 50 men. Anything shipped in her had to be landed at Sault St. Marie.

Sault St. Marie is a rapid on the St. Mary River, which runs from Lake Superior to Lake Huron, and divides British from American territory. The canal through which vessels have to pass to avoid the rapid is unfortunately on the American side. The "Portage" road, on the Canadian side, is upwards of $2\frac{1}{2}$ miles long.

A possible difficulty with the United States Government was foreseen; and the owners of the steamer "Algoma," on making their first trip of the season, were directed not to return into Lake Huron, but await orders on the Lake Superior side.

This was most fortunate, as just afterwards the "Chicora" was refused permission to pass through the canal. She landed her stores on the Canadian side, and returned to Collingwood. The restriction was taken off immediately for all stores not munitions of war, but not before a large collection of every description had been made at the Sault. This collection was constantly being added to by the Lake Huron steamers bringing more on from Collingwood.

The American propeller "Brooklyn" was hired at Detroit to assist the "Algoma" on Lake Superior; and in addition the American steamers "Clematis," "Union," and "Arctic" were chartered.

Notwithstanding this assistance, nearly one month elapsed before the Force, with all its stores and supplies, was landed at Prince Arthur's Landing.

There was no cover or protection for the stores and supplies lying at the Sault beyond what could be given by tarpaulins. They were all carted from one end of the Portage to the other by the transport, sent there for the purpose under Captain Nagle, and shipped as quickly as possible in the first steamer arriving.

In consequence of the shallowness of the water, the steamers had to lay a long way off, and everything had therefore to be put on board by means of a scow. On arriving in Thunder Bay they had again to be landed by a scow, then carted to the camping ground.

Many of the supplies and stores had come from great distances—the biscuit as far as from Quebec; and the packages, though of the ordinary description used in this country, proved, from the difficulties which occurred at Sault St. Marie, and from the constant handling and transhipment, not sufficiently strong for the service. The result of this was considerable loss.

The Force was thus finally distributed:—

Royal Artillery, Royal Engineers, and 1st Battalion 60th Rifles, proceeded to Fort Garry, and returned without delay.

The 1st Ontario Militia proceeded to Fort Garry, leaving one company encamped at Fort Frances until the 1st September, when it proceeded on to Fort Garry.

The 2nd Quebec Militia proceeded to the Lower Fort Garry, or Stone Fort, with the exception of one company, which remained at Prince Arthur's Landing until the return of the Regular troops to the province of Quebec, where it likewise returned.

PROVISIONS.

The ration. The ration, as laid down in the Standing Orders issued at Toronto on the 14th May, 1870, by Colonel Wolseley (copy annexed, and marked A), consisted of 1 lb. of biscuit, or $1\frac{1}{2}$ lb. bread, or $1\frac{1}{2}$ lb. flour; 1 lb. salt pork, or $1\frac{1}{2}$ lb. fresh meat; 2 ozs. of sugar; 1 oz. of tea; $\frac{1}{2}$ oz. of salt with fresh meat; $\frac{1}{3}$ pint of beans, or $\frac{1}{4}$ lb. preserved potatoes; $\frac{1}{36}$ oz. pepper. When fresh vegetables were obtainable, 1 lb. was issued as the ration. In camp, when no very hard work was being done, this ration was found to be ample; but when working on the roads and in the boats, the men could eat from $1\frac{1}{2}$ to 2 lbs. both of biscuit and pork, and on any similar Expedition the ration should be increased. The ration of tea might perhaps be reduced to $\frac{2}{3}$ oz. per man per day, if the troops are together in considerable numbers. The sugar should be increased to 3 ozs.

Biscuit. The biscuit was chiefly obtained from Quebec, delivered there at $3\frac{1}{2}$ cents per lb. It was that known as No. 1, and was of excellent quality, as indeed were all the supplies without exception. The barrels in which it was packed proved, as already stated, not sufficiently strong, especially as it was found necessary to abandon the original idea of transferring it to bags at Thunder Bay, and instead to take the barrels through to Red River.

Fresh bread. Fresh bread was issued at the camps at Prince Arthur's Landing, the Matawan Bridge, the Dam-site, Fort Frances, and lastly at Fort Garry. For this purpose, six field

oven, Aldershot pattern, were sent with the military stores, and seven men of the Army Service Corps were bakers. Three ovens were worked at Prince Arthur's Landing, and fresh bread was issued there throughout the time the Expedition lasted. Two were worked at the Matawan Bridge, and one of these afterwards taken on to the Dam-site. Another was taken on by one of the first brigades of boats, and worked at Fort Frances. At Fort Garry and the Lower Fort, brick ovens were found, and worked at once.

The bread was invariably beautifully baked, and was much relished by the troops, especially at Fort Frances, where it was issued to them going and returning, and after they had been for many days on biscuit.

At the Dam-site, or Ward's Landing, where two men of the Army Service Corps worked but one oven, 470 ration loaves of $1\frac{1}{2}$ lb. each were turned out on the 17th July, the oven not holding more than 90 or 100 rations. No. 1144, Serjeant Joseph Jarvis, Army Service Corps, had charge of all the field ovens at different times. From a statement rendered by him (annexed and marked B), it appears that on the average 100 lbs. of flour yielded 135 lbs. bread.

The flour was of the very best brands; that taken in the Expedition boats was in half barrels containing 98 lbs.; these were stronger and more handy than the whole barrels, yet from the rough usage they had to receive also required an immense deal of re-coopering. The price, exclusive of freight, was 4 dollars 75 cents the whole barrel of 196 lbs. Flour.

The salt pork was supplied at 29 dollars 98 cents per barrel of 200 lbs.; it was that known as mess pork, the best quality. Like the flour, that taken in the boats was in half barrels of 100 lbs. each. Hardly a complaint was heard of its quality; it was generally pronounced excellent. Salt pork.

The rough handling and the intense heat of the sun caused much trouble and anxiety on account of the pork; it had constantly to be re-coopered and re-brined. The loss from it becoming bad was nevertheless trifling. On the arrival of two companies of the 1st Militia at Fort Garry, they returned several barrels into store in a stinking state. As this was exceptional, a Court of Enquiry was held, and it was found they had wittingly drawn off the brine at one of the first "portages" they had come to, so as to lighten their loads. They were condemned to pay 140 dollars.

Some of the pork barrels were hooped with iron, others with wood. The iron were the best for the purpose, as the wooden hoops, standing out from the barrel, hurt the men's backs when portaging.

Fresh beef was supplied at Thunder Bay, and along the road to Shebandowan Lake, at $19\frac{3}{4}$ cents per lb. The contract was very well fulfilled. Fresh beef.

At Fort Frances, on the westward journey, three head of cattle were obtained from the Hudson Bay Company at a charge of 6d. sterling per lb. We were unable to obtain any returning, and the garrison left there were rationed on salt pork. In the same way, at the Hudson Bay post at the mouth of the Winnipeg River, Fort Alexander, the troops had fresh meat going, but not returning. Whilst at Fort Garry, the troops had fresh meat issued to them daily.

The sugar was that known in the market as "dry crushed," and was contracted for on the recommendation of Mr. Donald Smith, of the Hudson Bay Company, as being that used by the Company. The price at Montreal was $12\frac{1}{4}$ cents per lb. It is white sugar, and almost equally as good as "loaf." The packages were excellent, water-tight, iron-hooped barrels of two sizes; the larger contained on the average about 100 lbs., the lesser 80 lbs. Of all the packages containing supplies, these were acknowledged to be the best. Sugar.

The tea, purchased at 38 cents per lb., was, I believe, the very best black tea obtainable in Canada or elsewhere. It was packed in the ordinary tea-chest, and was covered with matting. It was understood, from the best information that could be obtained, that this would be sufficient protection; but our experience shows that more is required to withstand the wet and damp, and the rough work of the portages. I would recommend, in addition to the matting, a stout waterproof cover. Tea.

On the route, much was preserved by the tins supplied each boat, and referred to hereafter under the head of "Packages."

The beans supplied were the ordinary white bean, an excellent vegetable. The cost was $2\frac{3}{4}$ cents per lb. A general objection was raised to the time they required for cooking—a great objection when an hour's halt was all that could be allowed for dinner. They were sewn up in bags containing about 100 lbs. These bags proved not strong enough for the purpose, and considerable losses were the consequence. Beans.

Preserved
potatoes.

The preserved potatoes sent from England were exactly what was required ; with boiling water, a few minutes was all that was necessary to prepare them. They were contained in tins hermetically sealed ; these tins were again in wooden cases, making a good strong package adapted to the service. Once the tin was out of the case, it was not sufficiently strong, was soon broken, and damp would then spoil the potatoes.

There were 56 lbs., or 224 rations, in a tin. On being opened, some of the potatoes were found to be damaged, probably caused by the tins not being quite air-tight, and the wet and damp, to which everything was exposed, getting in.

Fresh vege-
tables.

Fresh vegetables were supplied from Collingwood to the troops so long as they were on the Thunder Bay road. On the return of the troops they were obtained from the Hudson Bay Company's post, Fort William. Between Shebandowan and Fort Garry, none were supplied the troops.

Miscel-
laneous
supplies.
Spirits.

3,000 lbs. of tobacco and 2,000 lbs. soap were taken on the Expedition, and issued to the troops at Thunder Bay on repayment.

It will be observed that spirits formed no part of the ration, and nothing of the kind was procurable by the men whilst on the route. Tea only was used, and I believe every man returned in as good if not better health than when he left.

Packages.

In each boat, in addition to the packages already described as containing the provisions, there were placed several round tin canisters of different sizes, which were used for the tea, sugar, pepper, &c., after the larger packages were opened. These tins were particularly useful, not only from being very handy and convenient, but also being water-proof the groceries were protected from wet and damp. There was a small size capable of holding 1 lb. of pepper, and others that held from 12 to 15 lbs. tea, and from 30 to 40 lbs. sugar.

About 10 bags (ordinary 2-bushel bags) were placed in each boat, and were used for flour, biscuit, beans, &c., as their own packages became broken and useless. The texture of these bags was hardly tight enough, though they answered fairly. On any future occasion, the stoutest canvas bag procurable should be taken.

From the hurried manner in which the supplies had to be procured, it was found impossible to obtain a sufficient number of half pork barrels ; but should a similar Expedition ever be organized, it would be very desirable that all the biscuit, as also the flour, should be packed in half pork barrels, or, better still, the "fish barrel," of which large quantities are manufactured at Collingwood. Both descriptions are water-tight, and have the extra advantage of holding a smaller quantity than the ordinary flour barrel, and of therefore being more portable.

A supply of empty half pork barrels was received at Thunder Bay before the final departure of the troops from Shebandowan ; these were used as far as possible for biscuit, and this biscuit kept in admirable condition.

FORAGE.

Forage.

In consequence of the large transport establishment required on the Thunder Bay Road, hay, oats, and ox-feed had to be provided. These were supplied under contracts made by the Dominion Government at Collingwood and Owen's Sound, and at the following prices :—Hay, 12 dollars 62 cents per 2,000 lbs. ; oats, 34 cents per bushel ; ox-feed, 26 dollars per 2,000 lbs.

The first ration issued to the horses was 10 lbs. oats and 12 lbs. hay. This was soon found to be far from sufficient ; the horses could not do on it the severe work required of them. The ration was therefore gradually increased up to as much as 16 lbs. of oats and 17 lbs. of hay, or in fact to as much as they could eat.

The oxen were fed on hay and ox-feed, and received such quantities as they required.

FUEL, LIGHT, AND WATER.

Fuel, light,
and water.

No light was issued on the Expedition ; and from the nature of the country through which the troops passed, the men were able to help themselves to wood and water *ad libitum*.

LAND TRANSPORT.

Land trans-
port.

From Thunder Bay to Shebandowan Lake is a distance of 48 miles. To connect these waters, the Dominion Government were, at the time of the starting of the Expedition, making a road. Everything required for the Expedition, boats included, had therefore to be carted this distance. For the purpose a train was organized, and 150 horses, 36 oxen, 50 wagons, 30 carts, with the necessary harness, were purchased.

81 of the horses were taken from the batteries Royal Artillery stationed in Canada. ^{Horses.} All the horses were fine animals, and did the severe work admirably; only five of them died.

The oxen were fine animals also, but not as useful as the horses. Much of the road ^{Oxen.} was "corduroyed," and this hurt their feet. Shoeing was tried, but the sticky clay found on many parts of the road invariably drew off the shoes; there was little work, therefore, got out of these animals.

The wagons were principally built at Markham, near Toronto, and were well ^{Wagons.} adapted to the work. The box was made of 1 inch pine lumber, with a floor of $1\frac{1}{4}$ inch, the dimensions being—length 9 feet 10 inches, width 3 feet 6 inches, depth 1 foot 2 inches. The distance between axles was 5 feet $9\frac{1}{2}$ inches; between wheels, 5 feet 3 inches; diameter of hind wheel, 4 feet 6 inches; fore wheel, 3 feet 9 inches. The tire was $1\frac{3}{4}$ inches wide. Total weight of wagon, 980 lbs. Weight of a hind wheel, 105 lbs., and of a fore wheel 95 lbs. They were well and strongly-built, required but little repair, and were all in fair serviceable condition on the termination of the Expedition.

When the wagons were used for the conveyance of boats the boxes were taken off, the axles were connected by long "reaches," and on the axles wooden cradles were erected to raise the boats over the wheels, and they were thus carried keel upwards.

The box carts, like the oxen, were not adapted to the service; they could carry ^{Carts.} but little, and were hard upon the horses. The dimensions of box were—Length, 5 feet 4 inches; width, 3 feet 4 inches; height, 1 foot $1\frac{1}{2}$ inch; diameter of wheels, 4 feet 6 inches; width of tire, 3 inches.

The harness, double and single, purchased at Toronto, was well made and serviceable, ^{Harness.} excepting the collars, which were generally found to be too small; consequently galled necks became common, and a great number of horses were daily shown as non-effective. Some breast-harness was at once sent for, and this enabled us to work the horses with sore necks.

I would advise, on all occasions, breast-harness being in reserve, for use when the collar galls.

The establishment consisted, in addition to the officers mentioned on page 3, of a ^{Transport} Veterinary Surgeon and 2 Head Teamsters, with wages at 40 dollars per month each; ^{Establish-} 5 Assistant Head Teamsters, 2 at 30 dollars and 3 at 28 dollars per month; a Shoeing ^{ment.} Smith, at 35 dollars; a Collar Maker, at 35 dollars; and 96 Teamsters, at 22 dollars per month.

The road being newly cut through the forest, and being unmade, it was found this ^{Additional} transport was not sufficient for the work to be done,—21 additional Teamsters were ^{hired} therefore hired by the month at Collingwood, with their teams, and brought to Thunder ^{transport.} Bay. This system was found to work admirably, as the farmers not only worked willingly, but naturally were more careful of their horses than the other teamsters; they were paid 3 dollars per diem, were provided with passages from and to Collingwood, and free rations for man and horse.

The other teamsters having been collected together in a hurry could not be expected ^{Teamsters.} to be a good class of men, and there was some little trouble with them at first. Two of them were brought before a Magistrate, and committed to the prison at Sault St. Marie, for disobedience of orders in driving furiously, and this had a wholesome effect on the others, and they generally behaved well afterwards. They had to endure great hardships, going daily over the worst of roads in very bad weather.

It rained almost every day whilst we were in the district.

On the return journey of the troops from Fort Garry, Captain Buller's Company of ^{Transport} the 1st Battalion of the 60th Rifles, marched from Fort Garry to the north-west angle ^{between} of the Lake of the Woods, where they were met by Captain Scott's Company of the ^{Fort Garry} 1st Ontario Militia, *en route* from Fort Frances to Fort Garry. The distance of this ^{and north-} land journey was about 110 miles. ^{west angle,} ^{Lake of the} ^{Woods.}

The country cart was hired for transport, and could travel over 80 miles of the road. The cart was a simple floor on two wheels, its only peculiarity being the absence of tires to the wheels. As it is only used on the soft prairie roads, tires are not required. For 30 miles there was no road, and the path lay through woods and swamps, and for this distance pack-horses had to be used.

I annex (marked D.) Captain Buller's description of the pack-saddle.

WATER TRANSPORT.

The distance to be travelled by water was about 560 miles. For this purpose 140 ^{Boats.} boats were provided by the Dominion Government. These boats varied considerably in

size, and were built in all parts of the provinces of Quebec and Ontario. Some were "carvel," others "clinker" built. The average length may be taken as being about 32 feet and 6 feet beam. Each boat could fit up two masts, and six oars were generally used.

The boat equipment is laid down in paras. 3 and 4 of the Standing Orders (Enclosure A),

125 of these boats left McNeill Bay, Shebandowan Lake, conveying troops. In addition there were provided for the use of the Colonel Commanding and other Staff Officers a light "gig" and three large bark canoes.

Statement C. annexed shows the number of persons and quantity of stores, over and above the boat equipment and personal equipment of the officers and men, embarked.

Baggage. Each officer was limited to 90 lbs. baggage, which he carried in two waterproof bags, such as are used by the men of the Army Service Corps.

Voyageurs. To manage the boats, 400 voyageurs were engaged by the Dominion Government; only two men were, however, put into each boat. In addition to these, Indian guides had to be engaged at different points along the route. Many of the men engaged were found to be perfectly useless, knowing little or nothing of the management of boats; the best and most useful of all were the Irroquois Indians hired at Caughnawaga, near Montreal.

The boats and voyageurs not required for the conveyance of the troops were employed forwarding a reserve of supplies to Fort Frances.

STORES.

Arms and ammunition. There were landed at Thunder Bay four 7-pr. bronze mountain guns, with about 800 rounds of ammunition, 309,550 rounds of small-arm ammunition, in addition to 60 rounds carried by each man; 100 stand of rifles and accoutrements were also received there as a reserve.

It was feared that the Fenians might make an attack on Prince Arthur's landing, and therefore a larger quantity of ammunition was sent forward than was estimated as requisite for the expedition.

Immediately on the arrival of the troops, a strong stockade was built, under the superintendence of Lieutenant Heneage R.E., within which was erected a magazine, and here, during the summer, the ammunition was kept.

The Artillery carried with them to the Red River two of the guns, with 150 rounds for each. A reserve of 111,000 rounds small-arm ammunition was distributed throughout the boats.

For the protection of the ammunition in the pouches whilst *en route*, waterproof bags were constructed, to hold 10 pouches with belts; these answered well.

Arm chests to hold 10 rifles were made, and one put into each boat. There were some complaints of the rifles getting wet in these boxes, but on the whole they answered the required purpose.

The two guns and the reserve ammunition were handed over to the Militia at Fort Garry. The two guns, with the ammunition and arms left at Prince Arthur's Landing were taken back to Quebec with the troops on their return.

Camp equipment. In consequence of the peculiar nature of the service, the smallest possible quantity of stores were taken on the Expedition.

For a brigade of boats, consisting of 3 Officers, 50 men, and 12 or 13 voyageurs, there would be but 1 tent for the Officers, 4 for the soldiers, and 1 for the voyageurs.

For cooking purposes Flanders kettles and frying-pans were used.

Besides axes, spades, and shovels, a few tools for engineer purposes were all the stores taken on the march.

Clothing and necessities. A free kit was issued to the soldiers, consisting of 1 serge frock, 1 pair serge trousers, 1 pair oxford boots, 2 pairs worsted socks, 2 flannel shirts, 1 housewife, 1 woollen night-cap, 1 cap cover with peak, 1 mosquito net, 1 clasp knife, 1 tin cup, 1 tin plate.

Each soldier had also issued to him 2 grey blankets—field service—and 1 waterproof sheet. Waterproof bags were provided for holding 10 blankets, and used in the boats. The field service grey blanket was found to be too poor an article for this service; there was little or no warmth in it.

HOSPITALS.

Two hospital marquees were pitched for hospital purposes at Thunder Bay. A large supply of medical comforts were sent for use in this hospital, as well as the necessary equipment for 36 patients.

No hospital diets were issued; whilst in hospital the patients drew their field Diets. rations. "Extras" were issued as required. With each brigade of boats there was forwarded a box containing a small supply of comforts for use on the march.

An establishment for 36 patients was also taken on to Fort Frances; but bell tents only were used, the marquees being considered too heavy to be taken on the journey. The equipment, comforts, &c., at Fort Frances were finally sent on to Fort Garry; those at Prince Arthur's Landing were brought back to Canada.

CASH.

At Thunder Bay and along the route all payments were made in Canadian Bank or Funds. Provincial notes brought from Toronto for the purpose.

At Fort Garry funds were raised, principally through the Hudson Bay Company, by draft on the Staff Paymaster, Montreal.

Extraordinary field allowance was issued for six months.

Free rations were issued to the soldiers. Officers paid the usual ration stoppage of 1½d. per diem, and when receiving "extras" from hospital paid the stoppage of 1s. Field allowance.
Stoppages.

POSTAL ARRANGEMENTS.

As there were no established means of communication along the route, arrangements were made with the Hudson Bay Company to place Indians with light canoes at different points, and by them the mails were regularly forwarded during August and September. Mails.

EXPEDITION.

As stated in the preamble, the first detachment of troops arrived at Thunder Bay on the 25th May. There was a small wharf or jetty off the landing-place, but not a sufficiency of water for the large steamers to lay alongside, consequently all the men, horses, and stores had to be brought from the vessels in a large flat-bottomed scow. The scow was generally worked by a rope from the vessel to the wharf. For five weeks we had the services of a small tug, and she was of great use in landing stores and towing the scow when the steamers anchored at too great a distance for the rope to be used, and also in towing the boats up the Kemanistaquia River to the first rapid, about 10 miles from the mouth.

At Prince Arthur's Landing we found a few buildings belonging to the Public Works Department, and occupied by their employés. This department, under the superintendence of Simon J. Dawson, Esq., in a few days erected for our use two large store sheds, as well as stabling for a large number of horses. In addition to the sheds, four hospital marquees were pitched as store-houses, but notwithstanding this, we had always quantities of stores exposed to the weather.

Thunder Bay is now connected with Shebandowan Lake by a good road, the length of which is 48 miles. On the arrival of the troops the state of the road was about this—30 miles of it was considered as made, but from the nature of the ground in heavy weather many parts became almost impassable; 12 miles were cut through the forest, but the road not sufficiently cleared of stumps, or the swamps sufficiently corduroyed to be fit for the passage of troops or laden wagons; the remainder of the distance had not been touched—the trees were standing.

Fine bridges had been built over the Kemanistaquia and Matawan Rivers, where the road crosses them (21½ and 26 miles from Thunder Bay), but a bridge had not been commenced over the Oskondagee Creek, 33 miles from the Bay.

As not only all our stores but also all our boats had to be got over this road, it became a matter of the utmost importance to assist in making it. Troops were therefore posted at different points where the Public Works Department required them. The first troops to work on the road were two companies of the 60th Rifles, who left Thunder Bay on the 28th May and encamped at Kemanistaquia River. The weather then became very bad, and the prospect of our getting over the road appeared to be hopeless.

About a dozen boats had been carted as far as the Matawan Bridge, and safely launched in that river, when it was suggested to Colonel Wolseley that the remainder might be sent to this point *via* the Kemanistaquia River into which the Matawan flows, and so save our land transport.

Much opposition was raised to this plan, as it was said the dangers on the river were so great that the boats would all surely get severely damaged; the trial was however

successfully made by Captain Young, of the 60th Rifles, and the other boats were then sent that way, manned by soldiers and voyageurs. It was then found practicable to send the boats and stores by the Matawan River to a point $2\frac{1}{2}$ miles further on the road, and which was named "Young's Landing." From here about 5 miles the river was again found to be navigable, but the road passed more than a mile from the river; a lane was cut to it, and that point was called "Calderon's Landing." From Calderon's Landing to the Oskondagee Creek boats and stores could be taken by water. From the Oskondagee to the Dam-site everything had to be carted. The Dam-site was three miles from the Lake and on the river running out of it. From here everything went by water to McNeill Bay, the starting point on Shebandowan Lake.

At all these different points camps had to be formed, as strong fatigue and road parties were requisite. At several of the posts, under Mr. Dawson's superintendence, stables and sheds were erected for horses and stores.

The first troops encamped on the road on the 28th May; the last embarkation at Shebandowan was on the 1st August, so that for two months the small force were scattered over 50 miles of country, and much care and trouble were necessary to keep them well and fully supplied.

Had the land transport only been used we could not possibly have got away for ten days or a fortnight later, and this delay would have made a great difference in the return journey. Working road and river together was a most happy thought.

On the final embarkation of the Expeditionary Force, one company of the Quebec Militia remained as a garrison at Prince Arthur's Landing.

It was found on loading the boats at McNeill Bay that they could carry 60 days' supplies. The Colonel Commanding then altered his arrangements for halting the brigades on different portages, as laid down in para. 12 *et seq.* of Standing Orders, and directed all to proceed at once to Fort Frances. A reserve of 200 barrels biscuit, 200 barrels ($\frac{1}{2}$) flour, 200 barrels ($\frac{1}{2}$) pork, 74 bags beans, 26 chests tea, 28 barrels sugar, was forwarded after them to Fort Frances by the spare boats and voyageurs, as stated on page 8.

From McNeill Bay to Fort Garry the route taken by the Expeditionary Force is, roughly, a distance of 560 miles. There were along the route 42 portages, varying in length from 40 to 1,800 yards; over these the boats and stores had all to be conveyed. Trees were cut and laid down as "skids," over which the boats were hauled; the stores were carried on the men's backs. Rope slings were provided, so that barrels slung between poles might be carried by two men; but they soon gave the preference to the "portage strap," and carried their loads, like the Indians, on their backs, with the straps passing round their foreheads.

At Fort Frances on Rainy River, a dépôt was formed, under charge of Commissary Mellish, and protected by a company of the Ontario Militia. The stores not required for the troops were finally taken over by the Public Works Department for the use of men employed road-making between Fort Garry and the Lake of the Woods.

Along the route there was little Control duty to be performed. As each brigade arrived at Fort Garry the Officer Commanding was called upon to account for the supplies and stores he had received at McNeill Bay or Fort Frances, and the same plan was adopted on the return journey.

The first brigade of boats left McNeill Bay on the 16th July, and the last with Regular troops on the 21st July. They arrived at Fort Frances on the 4th and 8th August respectively.

On the 20th August the whole of the Regular troops had arrived at Fort Alexander, at the mouth of the Winnipeg River. On the 24th August they occupied Fort Garry, and the two Militia Regiments arrived in a few days.

On the 29th August the first brigade began its return journey, and the whole of the regular troops had safely embarked at Thunder Bay on the 6th October.

Whilst at Fort Garry there was little difficulty in obtaining supplies. Everything requisite can be brought in from the neighbouring State of Minnesota. Fine wheat and vegetables are grown in the Red River Settlement. When beef is required in large quantities the cattle must be imported.

Conclusion.

The arrangements made for the Militia wintering in Fort Garry have already been reported to you.

The conduct and qualifications of the Officers and men who served under my orders shall be separately reported on, though here I am bound to say that I am indebted to them all for their hearty co-operation; the zealous manner in which they worked was the secret of our success.

I believe the Control system has proved itself on this occasion to be a sound one ; the Officers of the old Departments worked together under one head with the greatest unanimity, and undoubtedly there was much saving of time and trouble throughout in there being one Department instead of several.

There was no Officer of the Pay Sub-Department with the Force, but the Officers, with one or two exceptions, had all the custody of money at some period during the time the Expedition lasted.

I have the honour to be, Sir,

Your obedient Servant,

M. BELL IRVINE,

Assistant Contröller.

*Lieutenant-Colonel Martindale,
Acting Deputy-Contröller in Canada,
Quebec.*

APPENDIX.

A.

STANDING ORDERS for the Red River Expeditionary Force.

Toronto, 14th May, 1870.

1. THE Expeditionary Force will proceed from the end of the Thunder Bay Road to the Lake of the Woods in boats. It will move by detachments, consisting of one or more companies. To each company a brigade of 5 boats will be attached.

2. The boats will be numbered, 1, 2, 3, &c., &c., and the brigade will be distinguished by letters beginning at A.

3. In each boat there will be the following tools and equipment:—2 felling axes, 1 pick axe, 1 spade, 1 shovel, 2 hand axes, 2 flanders kettles, 1 frying pan, 2 sails, 2 boat-hooks, 2 spare oars, "making eight in all," 4 rowlocks, 1 set of blocks (single and double), 1 boat lamp, 6 thimbles for setting poles, 1 dipper, 1 rubber bucket, 1 boat-sponge, 2 cans paint (black and white), 5 lb. assorted boat-nails, 1 double tin oil can, 1 tin, with pitch, 1 tarpaulin, fenders, 60 fathoms tow line, 1 can mosquito oil, &c., &c.; spare plank and tools necessary for repairs. There will also be the cooking utensils, &c., of the boatmen, for which the coxswain of each boat will be responsible. In every boat there will be 30 days' rations for the soldiers and boatmen, besides, also, about 1 ton of surplus stores.

4. With each brigade of boats there will be a carpenter's chest of tools, and a fishing net.

5. The scale of rations for every one will be as follows:—1 lb. of biscuit, or $1\frac{1}{2}$ lb. of soft bread, 1 lb. of salt pork, or $1\frac{1}{2}$ lb. of fresh meat, 2 oz. of sugar, 1 oz. of tea, $\frac{1}{2}$ oz. of salt when fresh meat is issued, $\frac{1}{2}$ pint of beans, or $\frac{1}{4}$ lb. preserved potatoes, $\frac{1}{8}$ oz. pepper; the ration of flour, when issued, to be $1\frac{1}{2}$ lb.

6. In each boat there will be three voyageurs, one of whom will be the coxswain, and have entire charge of managing the boat.

7. The officer or non-commissioned officer in command of the men in each boat will render him every assistance in doing so, and any one going counter to his advice must understand that he is taking upon himself a grave responsibility which may possibly affect the safety of the whole party.

8. No one, under any pretence, will be allowed to sit on the gunwale of the boats, and all must learn to sit steadily, moving as little as possible when the boat is under weigh, particularly in rapid water. When under sail the sheets must never be made fast, they must invariably be held by the hand.

9. To prevent supplies being sent to wrong places, it must be remembered that all stores belonging to the Expedition have been divided into three classes, X., Y., Z., and marked accordingly; those marked Z. are to be taken with the force when it finally starts from Fort Francis; those marked Y. are to be left at Fort Francis, and those marked X. at Fort William.

10. Officers commanding companies will not allow, under any pretence whatever, any person not belonging to the force to be carried in the boats, unless he has a written permission, signed by the officer commanding the force or by Lieutenant-Colonel Bolton.

11. The officer in immediate command at the Shebandowan end of the road will be held strictly responsible that no unauthorized person embarks. He will attend at the departure of each brigade of boats to see this order rigidly carried out.

*12. Detachments will be posted temporarily at various portages along the route for the purpose of facilitating the transport of supplies to Fort Francis.

*13. They will carry out this duty as follows: They will daily send back to the nearest portage in rear a sufficient number of boats to carry 15 tons of stores; all the boatmen to be employed on this service, supplemented by as many soldiers as the Officer Commanding on the spot may consider necessary; all soldiers to take their arms and accoutrements with them.

*14. One officer will invariably accompany the boats upon this duty, and will take with him at each trip supplies sufficient for the crews for three days, together with a portion of tools, &c. The remainder of the detachment to be employed daily in carrying over the portage at their post the 15 tons of stores brought up by the boats on the previous day, and loading them in the boats sent back to receive them by the detachment in front.

*15. The day after each detachment has reached its position it will commence operations by sending back for the surplus stores of the detachment in rear. This will be continued daily until all the reserve supplies for Fort Francis have been sent forward.

16. The greatest possible care will be necessary in loading and unloading the boats to guard against their being injured. The Indian voyageurs having had great experience in loading canoes, their advice is to be attended to in this matter.

17. Every one concerned must remember that the success of the undertaking depends upon these boats; and if those provided are rendered unserviceable, they cannot be replaced.

The Colonel Commanding will therefore, have no alternative but to leave behind the crews of any boats that are rendered unfit for use.

* Not carried out, *vide* page 10 of Report.

18. Colonel McNeill will be stationed at the Shebandowan end of the road. Special instructions will be issued to him for his guidance.

19. Mr. Meyer will be the Control Officer there, to superintend the shipment of stores. He will be responsible for the loading of the boats, and will decide also the description and amount of stores to be sent with each, in addition to those laid down as forming the equipment of each boat. He will hand over to the Captain of each company, the evening before he starts, the complete equipment of his brigade of boats, receiving a receipt from him for it. The Officer commanding the company will make an exact copy of the list in his pocket-book, specifying therein how he has distributed the stores, &c., by boats, and the name of the officer or serjeant in charge of each boat.

20. Mr. Meyer will also hand over to every officer commanding a company, rations complete for his men and voyageurs for 30 days, taking a receipt for the same; a list of these provisions to be also entered by the captain in his pocket-book. These provisions must be distributed throughout the boats, so that in each boat there will be 30 days' rations for every one in it.

21. Mr. Meyer will also hand over to every officer commanding a company, as much surplus supplies (about 2,000 lb. weight for each boat) as his boats can conveniently carry—Mr. Meyer to be the judge on this point—giving him an accurate list of the articles, which will be sent on with the stores when they are passed forward beyond the portage where the Company is to be temporarily stationed on the line of route. This list will be signed as correct, or otherwise, by all the officers commanding at the several portages when the stores pass through their posts; any article deficient to be noted on the list.

22. After the last detachment has left, the stores noted in the margin will be shipped with as little delay as possible at the rate of 15 tons a day. One, or, if possible, two days before the last 15 tons are to be despatched from Shebandowan Lake, Colonel McNeill will notify in writing, to all the posts in advance, stating when the last of the reserve stores will be sent through. He will send a written Memorandum with the last 15 tons, saying they are the last.

Upon receipt of this information (which will be signed by the Officer Commanding each Detachment, and forwarded on to the next post) Officers Commanding at all posts on the line between Shebandowan and Fort Francis will proceed without delay to the latter place, taking on with them their boats and all their equipments, and the remains of the thirty days' provisions sent originally with them.

23. Upon reaching Fort Francis, they will complete their boats with 30 days' rations for all persons in them, and will embark such surplus stores as the Control Officer, Mr. Mellish, may indicate.

24. As soon as the detachment left at Bear Portage reaches Fort Francis, the 200 men of the 1st Battalion 60th Rifles, which had been stationed there during this movement, will start for the Rat Portage to work at it.

25. By these arrangements the last detachment (that left at Shebandowan Lake) will reach Fort Francis the day after the last 15 tons of the reserve supplies to be stored there reach that place.

26. The detachments from Fort Francis will severally start from thence as soon as relieved by the detachment coming up in rear.

27. Fresh instructions will be issued at Fort Francis with reference to the forward movement from that place.

28. In case of a man falling seriously ill, or being seriously injured whilst the troops are moving to their several stations, the Medical Officer with the detachment will decide whether the illness or injury is of such a nature as to prevent the man from proceeding further. If he pronounces the man as likely to be unfit for work for some time to come, he is to be left behind at the nearest portage where a detachment is to be stationed, in charge of a non-commissioned officer and one man, who will take their arms, accoutrements, &c., &c., with them. A week's provisions to be left for the three men. All Officers Commanding detachments passing by them to see that they have always that quantity in their possession.

As soon the detachment to be stationed at the portage where the sick man has been left arrives, he will be sent with the returning boats to the rear, to be forwarded on to the hospital at Fort William.

If there is no Medical Officer with the detachment, the sick man will be left behind in a similar manner until the arrival of a detachment having a doctor with it.

In both cases the non-commissioned officer and private left with the man will proceed on to join their company as soon as the man has been sent to the rear.

The Officer Commanding the 12th detachment, whilst *en route* between his post at the Kashaboiwe Portage and Fort Francis, will use his own discretion as to whether he will send serious cases of illness to the hospital at Fort William, or take them on with him to Fort Francis. If he can possibly do so he should send them to the former place.

29. Officers commanding detachments, from the time of their embarking at Shebandowan, will keep a journal of their route, entering the exact hour they start each morning, the hours they halt for meals and start again, the time they reach their halting place for the night, giving the name of the place, the state of the weather, whether they used oars or sails during the day, &c., &c. All irregularities committed by their men to be recorded. They will also state whether they found the fires made by the previous detachment still burning or not.

Barrels of flour
Barrels of pork.
Bags of biscuits.
Chests of tea.
Barrels of sugar.
Bags of beans.
Tins of pepper.
Bags of salt.
Tins of potatoes.

30. The officers commanding the several detachments posted at the portages will encamp their men in as compact order as possible on the end of the portage nearest to Fort Francis, except when from the marshiness of the ground, or other peculiar causes, there are good reasons for departing from this order.

They will pile up their provisions close to the landing place, at the Fort Francis side of the portage, covering them over with the boat tarpaulins, and doing everything in their power to protect them from the weather.

The boats will remain on the Shebandowan side of the portage, every precaution being taken to secure them at night by their painters to the shore. When there is a good beach they should be hauled up for the night, being launched every morning.

31. Each detachment will have a guard, consisting of at least three men per company. They will mount with arms and accoutrements. Up to Fort Francis the arms for the other men will remain in their arm chests, unless when for special reasons the officers commanding detachments may consider it necessary for the men to keep their arms in the tents.

The arms, if kept in these arm chests, must be frequently inspected by the Captains of companies, to see that they are free from rust, and in good and serviceable order.

32. The greatest possible precautions to be taken to guard against the woods being set on fire.

The cooking places will be established as near the water as possible, and no other fires are to be allowed in the camp without the express permission of the officer commanding the detachment, who will assure himself, before giving such permission, that there is no danger to be apprehended.

When on the move, officers commanding companies will be held responsible that all fires are extinguished previous to their leaving a camp.

33. As a rule, the reveille will sound at 3 A.M. every morning, and the boats will start as soon after that as possible, the men to have some hot tea before starting. The boats of each brigade must keep as near together as possible, the Captain with his Bugler being in the leading boat; the senior Subaltern and a Serjeant in the rear boat.

A halt of one hour will be made at 8 A.M. for breakfast; another halt of an hour at 1 p.m. for dinner. Officers commanding companies may, of course, depart a little from these hours for meals, but under no circumstances is more than an hour to be allowed for each meal. They will always halt for the night at least one full hour before dark, so that there may be ample time to establish the camp for the night. When on the move it is not advisable to pitch tents except when it rains or threatens to do so—even then the smallest possible number should be pitched.

34. When it is necessary to track the boats, the crew will be divided into two parties, each consisting of four or five soldiers and one voyageur. Serjeants are not to be employed in tracking.

These two parties to relieve one another every two hours. Officers and non-commissioned officers in charge of boats will see that the men returning to the boats after tracking, put on their serge frocks at once, which are not to be removed for at least half an hour afterwards.

35. All officers belonging to this Force will be most careful in impressing upon those under their command the great necessity there is for cultivating the good will of the Indians and others employed as voyageurs.

Colonel Wolseley will punish with the utmost severity any one who ill treats them.

The same rule applies to all Indians who may be met on the line of route.

It must be remembered that the Government has made a treaty with them securing the right of way through their country; all are therefore bound to protect them from injury, and it is of special importance that our intercourse with them should be of the most friendly nature.

No Indians but those actually attached to the Force are to be allowed to pass the night in our camps.

G. J. WOLSELEY, *Colonel,*
Commanding Expeditionary Force.

ADDITIONAL INSTRUCTIONS.

1. It is possible that some of the men embarked at Shebandowan Lake as voyageurs may be found to be incapable of managing boats.

Officers commanding brigades of boats will send back, by the first opportunity that presents itself any such soi-disant voyageurs.

It is not enough that they should be able to row, but they must be capable of skilfully managing a boat. We require no assistance in rowing, and passengers cannot, under any circumstances, be allowed to accompany the Expedition. Mr. Dawson has been requested to explain this order to all engaged as voyageurs.

2. Before starting each morning after leaving Shebandowan, the Subaltern in charge of the last boat with a couple of men will go round the camp to see that nothing has been left behind.

3. At every portage officers or non-commissioned officers in charge of boats will invariably check over the articles as they are put into their boats to see that they agree with the lists in their pocket books.

4. No one to go beyond 150 yards from the halting places.

B.

STATEMENT showing the Quantity of Flour, Hops, Malt, Salt, &c., &c., consumed, and Bread produced at the various Camp Stations *en route* to Red River from 28th May to 18th September, 1870.

Stations.	Period.		Consumed.							Bread Produced.	Gain, per cent.	Remarks.
	From	To	Flour.	Hops.	Malt.	Salt.	Potatoes.	Grease.	Candles.			
Thunder Bay ..	28th May ..	4th July, 1870	lbs. 37,709	lbs. 7	lbs. 37	lbs. 667	lbs. 950	lbs. 8	lbs. 5	lbs. 51,078	35.45	
Matawan Bridge..	7th July ..	13th July "	5,653	1½	8	98	104	4	..	7,650	35.32	
Dam Site..	18th July ..	18th July "	1,885	1	5	48	58	1	..	2,550	35.22	
Fort Francis ..	10th August..	18th Sept. "	4,995	5½	28	88	120	9	..	6,803	36.19	
Total..	..	..	50,242	1.	78	901	1,232	22	5	68,081	35.50	

Assistant Controller M. B. Irvine,
Controller, Red River Expedition.

JOS. JARVIS, Serjeant,
Army Service Corps

D.

NOTE by Captain Redvers H. Buller, 1st Bn. 60th Royal Rifles, on the Pack Saddles used in the Red River Settlement.

Those of our horses (about half the lot, the rest having common Mexican saddles) that had pack saddles were equipped as follows:—two pairs of $1\frac{1}{2}$ -inch square oak sticks about 18 inches long were “halfened” into one another, forming two St. Andrew crosses, the upper limbs of which were 4 inches long; the last 8 inches of the lower limbs being beveled off on the inside, they (the crosses) were screwed about 12 inches apart on to two plates of 1 inch thick deal about 18” by 9”. Under each plate was fastened a canvas pad stuffed more or less full of the wild grass of the country, according to the back of animal. The pads were, in some cases, in one, thrown over the back; in some cases single, one under each side of the tree. Under these, again, it was usual when they were forthcoming, to fold a blanket or buffalo robe, but this was not necessary.

The saddle was secured by a crupper and girth of hide.

The loads were then enclosed in “pac flêches,” or undressed half hides, in which, about 12 inches from the upper edge on each side the centre, two slits were cut the same distance apart as the cross trees of the saddle, and through them two loops were passed and secured inside by a stick being passed through them.

The “pac flêches,” thus arranged, were folded and laced over the loads and hung one on each side, the loops being knotted so as to allow the load to hang nearly parallel to the animal's sides, and the whole was then secured by a raw hide surcingle.

When nicely balanced loads thus packed were very firm; our horses fell again and again, and forced through trees and so on. but never moved them.

When not well balanced the load either fell off or galled the horse.

The jolts sent our horses through the surface of the bogs, so I can form no idea of what the horses could have carried on a good road. Grant told me that from 180 lbs. to 250 lbs. was the usual thing in the Rocky Mountain country.

I should add that a seizing of raw hide secured the joint of the cross-trees.

(True copy)

M. BELL IRVINE, *Assistant Controller.*

Date.	Brigade.	Number of boats.	Officer Commandi	ngs, pe.	Small.	Straps, portage.	Bags, spare.	Tins of mosquito oil.	Bags, waterprf.		Medical comforts and equipments.	Tins.	Canteens, A and B.	Linsed meal, boxes.	Salt, kegs.	Stones, grind.	Tobacco, boxes.	Soap, cuses.	Military clothing, bates or cases.
				Blankets.					Accoutrements.										
1870.																			
July 16th	A	6	Capt. Young	...	20	36	50	6	10	5	...	30	...	...	...	...	...	...	...
" "	B	6	" Ward	...	20	30	50	6	10	5	...	33	...	...	...	...	...	...	...
" "	C	5	Lieut. Alleyne	...	16	24	30	5	8	5	...	15	...	...	...	1	...	...	...
" 17th	D	7	Capt. Dundas	...	24	36	81	7	12	6	...	34	...	...	...	...	...	...	...
" "	E	6	" Buller	...	20	30	60	6	10	5	...	27	...	...	...	...	...	...	...
" 18th	F	6	" Northey	...	20	30	73	6	10	5	...	28	...	...	...	...	...	...	...
" 19th	G	7	" Wallace...	...	24	36	70	7	12	6	13	32	2	1	1	...	4	...	...
" 21st	H	6	" Calderon	...	20	30	62	6	10	5	18	31	...	1	...	...	...	...	...
" "	I	6	" Scott	...	20	30	60	6	10	5	7	26	...	...	...	...	4	...	...
" "	...	Gig 1	" Huyshe...	...	...	6	4	1	...	...	...	4	...	...	...	...	...	...	...
" 22nd	K	6	" McDonald	...	20	30	60	6	10	5	3	27	...	...	...	...	...	...	...
" "	L	6	" Herclmer	...	20	30	60	6	10	5	...	26	...	...	...	...	1	1	...
" 23rd	M	6	" Macklem	...	20	30	60	6	10	5	...	26	...	...	...	...	...	...	...
" "	N	6	" M'Millan	...	20	30	60	6	10	5	...	24	...	...	...	...	...	...	...
" "	...	canoe 1	Col. Wolseley	...	...	8	3	...	...	...	...	4	...	...	...	...	...	...	...
" 25th	O	6	Capt. Cook	...	20	30	60	6	10	5	...	24	...	...	...	...	...	...	...
" 26th	P	6	" Smith	...	20	30	60	6	10	5	...	26	...	...	...	...	4	...	...
" 27th	Q	6	" Barrett	...	20	32	60	6	10	5	...	21	...	...	...	...	...	...	...
" 28th	R	6	" Macdonald	...	20	36	60	6	10	5	...	24	...	...	...	...	1	...	...
" 29th	S	6	" Ditto	...	20	36	60	6	10	5	...	19	...	...	...	...	...	...	2
" 30th	T	5	" Fraser	...	30	3	50	5	10	5	...	16	...	...	...	...	...	...	...
August 1st	V	5	" Amyot	...	20	12	54	5	10	1	...	21	...	...	...	...	...	...	3
" "	X	6	" La Branche	...	20	11	56	6	12	...	...	27	...	...	...	...	15	...	...
" 3rd	...	canoe 1	Col. McNeill and D. A. S. S. Jolly	...	10	10	3	...	...	...	...	2	...	...	...	...	...	...	...
		canoe 1	Capt Nagle	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
					444	616	1,246	126	214	98	41	547	2	2	1	1	29	1	5

Quebec, 28th October, 1870^{ed})

A. MEYER,
Deputy Commissary.

MAPS

TO ILLUSTRATE THE CORRESPONDENCE

RELATIVE TO THE

RECENT EXPEDITION

TO THE

RED RIVER SETTLEMENT,

WITH

JOURNAL OF OPERATIONS.

Presented to both Houses of Parliament by Command of Her Majesty, 1871.

LONDON:
HARRISON AND SONS, ST. MARTIN'S LANE.

1871.

• [C 324. Price 3/-.]

LIST OF PLATES.

LINE OF ROUTE BETWEEN LAKE SUPERIOR AND RED RIVER SETTLEMENT.

SKETCH OF ROAD FROM PRINCE ARTHUR'S LANDING,
THUNDER BAY, LAKE SUPERIOR TO LAKE SHEBANDOWAN SHEET I.

DITTO DITTO SHEET II.

CORRESPONDENCE

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CORRESPONDENCE Relative to the Recent Expedition to the Red River Settlement: with Journal of Operations.

No. 1.

The War Office to Lieutenant-General the Honourable James Lindsay.

Sir,

24th March, 1870.

I AM directed by Mr. Secretary Cardwell to transmit, for your information and guidance, the inclosed extract of a letter from the Colonial Office, containing instructions on certain points connected with your mission to Canada. Mr. Cardwell desires me to request that you will report home your intended arrangements as soon as you are in a position to do so, in order that the proper instructions may be given to the Admiralty and other departments concerned.

I am, &c.

EDWARD LUGARD.

Enclosure in No. 1.

The Colonial Office to the War Office.

(Extract.)

23rd March, 1870.

IT is possible that General Lindsay may be required by Sir John Young to send to the Red River Territory a detachment not exceeding 200 infantry and a small force of artillery, in company with a larger body of Canadians, to maintain order in that settlement during the process of its annexation to Canada.

The British Force should leave the Red River Territory at latest at the end of September, so as to embark for England during the season of 1870, unless they form part of a Regiment which is to remain in the Dominion.

General Lindsay will consult Sir J. Young with regard to the selection of the force itself, and of the officer who is to command it, on whose firmness, prudence, and judgment much may depend.

The selection of the officer will be still more important if, as is possible, the Canadian Government should desire him to act as the first Civil Lieutenant-Governor of the district.

General Lindsay will of course be responsible for all arrangements affecting the safety and health of the troops.

No. 2.

The War Office to Lieutenant-General the Honourable James Lindsay.

Sir,

24th March, 1870.

WITH reference to my letter of this day's date, enclosing copy of a letter of instructions for your guidance in your present mission to Canada, I am directed by Mr. Secretary Cardwell to add, with reference to so much of the letter from the Colonial Office as relates to a possible military expedition to the Red River Territory, that although Her Majesty's Government do not sanction or contemplate the detention of the troops in the Red River Settlement during the winter of 1870-71, yet it will be your duty, before the troops leave for it, to ascertain from the Canadian Government that precautions will be taken sufficient in your judgment to ensure the practicability of housing and victualling them during that period, if, from any unforeseen circumstances, that detention should take place.

You will, however, take care that in making these enquiries you do not hold out to the Dominion any hopes of the Imperial Government consenting to their being so kept.

I am, &c.

EDWARD LUGARD.

No. 3.

The War Office to Lieutenant-General The Honourable James Lindsay.

Sir,

28th April, 1870.

I AM directed by Mr. Secretary Cardwell to transmit for your information, and that of the expedition which may proceed to the Red River, the accompanying Maps (40 mounted and 40 unmounted) of that Territory and its approaches; and also 80 copies of a smaller Map, showing the last part of the route.

Eighty copies of notes upon the country, from Lake Superior to the Red River Settlement, and on the Settlement itself, are also forwarded herewith.

I am, &c.

EDWARD LUGARD.

No. 4.

*Telegram from Lieutenant-General the Honourable James Lindsay
(Received April 28, 1870).*

Ottawa, 28th April, 1870.

FOR military reasons, and to leave garrisons at Fort Francis and Fort William, I request authority to send 350 of the 60th Regiment instead of 200. I have arranged with Canadian Government that all extra expenses of more than 250 Regulars shall be borne by Canada.

I propose to give free rations and no [?] working pay, about sixpence per man per day, also extra kit necessary for this service, about fifty shillings.

No. 5.

*The War Office to Lieutenant-General the Honourable James Lindsay
(Telegram sent 2nd May, 1870).*

IF the Expedition shall eventually be determined upon there will be no objection to your sending the additional number you propose of the 60th Regiment, all extra expenses being paid by Canada.

No. 6.

Lieutenant-General the Honourable James Lindsay to the War Office.

Sir,

Montreal, 15th April, 1870.

I HAVE the honour to inform you that I have been to Ottawa and seen the Governor-General.

The Delegates from Red River had not arrived when I left, on the 11th April, and His Excellency was not in a position therefore to say whether he would require troops to go to that settlement or not.

I have, however, ascertained what supply and transport arrangements the Canadian Government has already entered into, and am looking into the whole question thoroughly, so as to be prepared to assume the "responsibility for all arrangements affecting the safety and health of the troops."

I have, &c.

JAMES LINDSAY, *Lieutenant-General,*
Commanding Ontario and Quebec.

No. 7.

The War Office to Lieutenant-General the Honourable James Lindsay.

Sir,

5th May, 1870.

THE Secretary of State for War has received your telegraphic message of 28th ultimo in the following words:—

"For military reasons, and to leave garrisons at Fort Francis and Fort William, I request authority to send 350 of the 60th Regiment instead of 200. I have arranged with Canadian Government that all extra expenses of more than 250 regulars shall be borne by Canada.

"I propose to give free rations and no [?] working pay, about sixpence per man per day, also extra kit necessary for this service, about fifty shillings."

and by his direction I have replied as follows:—

"If the Expedition shall eventually be determined upon, there will be no objection to your sending the additional number you propose of the 60th Regiment, all extra expenses being paid by Canada."

Mr. Cardwell has not learnt from the Secretary of State for the Colonies that the Expedition has been positively resolved upon; but considering the season, already so far advanced, and the shortness of the interval during which it will be possible to march to and from Fort Garry, it is quite right that you should have taken all preliminary measures so as to be prepared to move without delay, so soon as the definite instructions shall be given you.

The Secretary of State for War has no objection to your increasing the force in the manner you propose,—on the terms mentioned in your message. He presumes that you will have communicated by post the full

particulars of the arrangement, and will have informed him clearly not only as to the agreement between you and the Government of the Dominion for the ultimate payment, but also as to the charge which is likely to fall upon the estimates voted for the present year. It is important that he should be fully informed upon this point, while Parliament is still sitting.

The arrangement you propose as to food, clothing, and working pay, appears to him satisfactory.

I am directed to remind you that so far as the Secretary of State for War is yet informed, there is no intention that any part of the Imperial Force shall remain at Fort Garry during the winter; and he is not prepared to authorize you to hold out any such expectation to the Government of the Dominion. At the same time it is not possible to foresee what circumstances may arise to render a return impossible, and it is above all things necessary to make such arrangements that no risk shall be incurred of any part of the Expeditionary Force being exposed to suffering from hunger, or severity of climate. Provisions, in ordinary times, are cheap at Fort Garry, being easily purchased in the State of Minnesota; but I am directed to remind you that it will not do to rely on this source of supply for the present Expedition, and that the stores hitherto kept at Fort Garry by the Hudson's Bay Company are in all probability long since exhausted.

I am, &c.
EDWARD LUGARD.

No. 8.

Lieutenant-General the Honourable James Lindsay to War Office.

Sir, *Head-Quarters, Montreal, 27th May, 1870.*

I HAVE the honour to inform you that upon my arrival in Canada on the 5th April, I proceeded, in compliance with the instructions contained in Lord Granville's letter of 23rd March, 1870, to confer with the Governor-General on the subject of sending a military expedition to Red River, and beg to enclose you the correspondence that ensued.

- Inclosure No. 1.—To Governor-General, 11th April.
- „ 2.—From Governor-General, 20th „
- „ 3.—To Governor-General, 23rd „
- „ 4.—From Governor-General, 27th „
- „ 5.—To Governor-General, 27th „
- „ 6.—From Governor-General, 2nd May.
- „ 7.—From Governor-General, 7th „

I felt from the first that the force, though mixed, was an Imperial one, and that I was responsible for everything connected with it, I therefore looked into the details of its organization, supply, equipment, and transport, the division of expenses, and plan of operations.

I was thus prepared to comply at once with his Excellency's official requisition to start the Expedition, which I received on the 9th May, and I issued the enclosed General Order (Inclosure No. 8) on the 10th, announcing the composition and organization of the force.

The strength of the different corps is as follows:—

Corps.	Officers.	Men.
Royal Artillery	1	19
Royal Engineers	1	19
1st Battalion 60th Rifles	21	352*
Army Service Corps	..	12
Army Hospital Corps	..	8
1st (Ontario) Battalion of Militia	27	355
2nd (Quebec) Battalion of Militia	27	292†

* 29 of these serjeants, and 10 buglers. † To be completed to 350.

The detachment of Royal Artillery has four muzzle-loading rifled 3-pr. mountain guns, with 200 rounds a gun, but probably only half this equipment will be taken beyond Fort William.

Colonel Wolseley's appointment to the command has the full approval of his Excellency the Governor-General and his Government, and I consider it very fortunate that an officer who knows Canada and its Volunteers so well, and who has so much ability and experience, should have been available for this service.

Brevet Lieutenant-Colonel Bolton, R.A., who I have appointed Deputy-Assistant Adjutant-General and Senior Staff Officer, is a man of capacity, and has the advantage of having passed through the Staff College.

Assistant Controller Irving has been specially selected at the War Office for this service, and Colonel Wolseley writes me that he has every confidence in him.

Surgeon-Major Young accompanies his regiment, and acts as Principal Medical Officer.

Colonel Fielden is in command of the 60th Rifles, and is the next officer in seniority to Colonel Wolseley. He is an excellent officer, and his regimental experience has already been brought into play in getting the Militia battalions into shape.

In organizing the Staff and Control, I have kept in view the withdrawal of the regulars from Fort Garry before the end of August, and have desired to facilitate, as much as possible, the assumption of these duties by the Militia.

Lieutenant-Colonel Jarvis (Deputy Adjutant-General Militia, 4th District), a regular officer on half-pay, formerly Adjutant of the Staff College, will succeed to the command, while Major McLeod and Captain Peebles respectively will take over the Staff and Control duties. I have ordered Colonel Wolseley to see that these officers learn their duties.

Until, however, this withdrawal shall take place, the Force will preserve its distinctly Imperial character, and I shall be responsible for it.

For this reason I have been very anxious that the two Battalions of Militia should come up, as far as possible, to the standard of Her Majesty's Regular Forces, that the Field Officers should be carefully chosen, none but strong and drilled men accepted, and that their personal equipment should be good.

I also desired to get the men together early, in order that they might be instructed.

The division of the Militia portion of the Force into two battalions, one from Ontario, the other from Quebec, and the apportionment of the number of volunteers required (700) between seven Militia Districts in the Provinces of Ontario and Quebec was, I presume, made for sectional and religious reasons. This political measure has greatly delayed the formation of the Quebec Battalion, which, as I write, still wants 58 to complete, though I have assisted it in every possible way by lending Staff Serjeants from the Royal Canadian Rifles, and by hastening the discharge of other men of that Corps, that they might volunteer to the Militia for the Expedition.

Of the 292 men in its ranks, not more than one-fourth at most are French Canadians.

Both Militia Battalions were formed at Toronto, where a wing of the 60th has been quartered all winter. Colonel Wolseley joined the Force there on the 5th May with his Staff and Control.

I now proceed to refer to the Supply and Transport arrangements.

On my arrival I found that the Canadian Government had already purchased provisions, horses, and forage; ordered boats and carriages, and hired teamsters. I thought it best that they should complete the transactions into which they had entered, and finding that the number of boats, vehicles and horses, was insufficient, I begged the Canadian Government to get more of those supplies, and to hand over the whole of them to the Control when completed, and that arrangements for all future purchases should be made by the Control. I also considered it expedient that the Government should hire the necessary Indians and voyageurs. They were required in great numbers, and could therefore only be obtained from various and remote places; so that this transaction could be better performed by the Government than by the Controller.

Collingwood, the natural point of departure for Lake Superior, is connected with Toronto by rail, so that, so far, there was no difficulty.

I early directed the attention of the Dominion Government to the necessity of control over steamers in both lakes, informing them that I considered it their duty to furnish the necessary transport, and on the 28th of April, I applied for a permanent steamer to be stationed on Lake Superior. Having proceeded to Collingwood on 5th May, with my Controller, I ascertained that no arrangement had been made. The Canadian Government would not trust to my hiring steamers, but, consequent on the urgency of my representation, they placed the duty in the hands of the Postmaster-General. This took me again to Ottawa.

In the meantime the difficulty respecting the canal at Sault St. Marie came up, and found the Government unprepared, though on the 28th April I had specially begged that it might be provided against. As His Excellency will report, doubtless, fully on this subject to the Secretary of State for the Colonies, I need not go into it.

The arrangements for the Lake Transport are now complete and in operation. They have, however, been much complicated by the unfriendly action of the United States Government, in closing the canal at Sault St. Marie. Owing to the firm remonstrance of the Governor-General it is now open, but Colonel Wolseley had been already obliged, between the 14th and 16th May, to send 200 men of the 1st Battalion Militia, with horses and wagons, to carry everything across the portage.

Besides the Supply and Transport of the Expedition, I undertook its Equipment, excepting the personal equipment of the Militia, articles for which were, however, drawn from our Stores on repayment.

I believe that since the Canadian troops were handed over to me at Toronto, everything has been done to instruct them, and that the arrangements for the health and safety of the whole Force have been carefully considered and prepared.

The necessity for going twice to Ottawa to spur on the authorities, and the difficulty towards the close of a busy Session of getting the Government to attend to my business, and my visit to Toronto and Collingwood, have prevented my reporting to you earlier. I have, for the same reason, been prevented until the other day going into the division of expenses between the two Governments.

I send, in another despatch, a copy of a communication that I have addressed to the Governor-General on that subject, and I also, by this mail, report separately my instructions to Colonel Wolseley, and the general plan of operations.

I have, &c.

JAMES LINDSAY, *Lieutenant-General,*
Commanding Ontario and Quebec.

Delayed on
account of
Fenian
inroads.

Inclosure 1 in No. 8.

MEMORANDUM by Lieutenant-General the Honourable James Lindsay, dated Ottawa, 11th April, 1870.

1. In the event of the Dominion Government determining to send an expedition to the Red River Settlement, and on its being decided that Her Majesty's Troops shall form part of the Force, I submit that it should consist of 1,000 men, of which one-fourth should be composed of regular infantry, with a proportion of Royal Artillery and Engineers, the remainder of the Force being provided by the Dominion Government.

2. I beg to submit the name of Colonel Wolseley, Deputy Quartermaster-General in British North America, as the Commander of the combined Force.

3. With reference to Colonial portion of the Force, it may be worthy of consideration by the Dominion Government, whether they will be disposed to avail themselves of the services of the Royal Canadian Rifles. This Regiment is to be disbanded immediately, and there is no doubt that some of the officers, and many of the rank and file, will be anxious to remain in Canada.

Many of the latter will be, doubtless, glad to settle in the country, and form a body of loyal settlers.

It is for the Government to consider whether it would be expedient to engage these men for a year's service, with the promise of an allotment of a specified number of acres, and free rations for the first year of possession.

If the Government have any views with reference to these men, either as regards the Red River Expedition, or with reference to the formation of a Colonial Military Force, I suggest that they should give the subject a very early and serious consideration.

4. The number of Volunteer Militia to be raised for service in the Red River Territory, will depend upon the intentions of Government with reference to the above paragraph.

At all events, it appears necessary that a force of from 700 to 800 men should be prepared.

I am given to understand that it is proposed to select a quota from each Militia District, from those who have volunteered for the expedition.

I urge that no time should be lost in bringing these men together in one or two localities, in order that they may be organized in companies and drilled; that officers and men should become acquainted with one another, and that the Force should be thus brought into a state of discipline.

If possible they should be placed in barracks.

5. I strongly recommend that the officers selected to command battalions should be men who have served in the Army, or should be men well-known, as qualified for the command of men, and for knowledge of the arrangements of an embodied regiment.

The selection of Field Officers and Captains will also require very careful consideration.

I think it necessary that I should be informed of the views of the Dominion Government, as to the method in which it is proposed to officer this Force.

Some officers of the Royal Canadian Rifles will be available for any purpose to which they may be appointed.

6. It is fully understood that the regular portion of the Force is to return from Red River before next winter: it is therefore necessary that the Dominion Government should select an officer to command one of the battalions, to act as second in command to Colonel Wolseley, whom the Dominion Government may consider qualified to assume entire charge of the Force when the latter leaves the settlement.

7. In the event of any unforeseen circumstances necessitating the retention of the Regular Troops at Fort Garry during next winter, what precautions will be taken to ensure the practicability of housing them, and the remainder of the Force?

8. It is indispensable that the organization of the Expeditionary Force should be at once entrusted solely to me.

I will, in that case, assume all responsibility in the matter.

9. As it is understood that, previous to my arrival, the Militia and other departments, in order to save time, have purchased stores, boats, &c., &c., I have to request the fullest possible information as to the articles, and amounts already purchased or contracted for; the places where they are now stored; or where and when they are to be delivered.

I will then take steps for having them duly inspected.

10. I intend appointing a Control officer to take charge of all duties connected with feeding, and the transport of the Force.

I expect this officer to reach Montreal next week.

It will be necessary that all the stores in the preceding paragraph should be handed over to him.

11. All further purchase of stores, &c., &c., &c., for this Expedition by the Dominion Government, to cease from this date, except for such articles as I may consider, and deem it advisable for the public service should be purchased by them, in which case I will specially apply for them.

12. I understand that 100 boats have been, or are now being built.

If the Force is to consist of 1,000 men, 100 boats will just carry that number, no allowance being made in the calculation for any loss of boats.

I am of opinion that a considerable margin should be allowed for such losses, in consideration of the extremely severe work they will have to endure, and the damage to which they must necessarily be exposed in taking them over the numerous portages, and the running the many dangerous rapids along the route.

It will also be necessary to keep open the communication between Forts William and Francis, after the Force has finally started from the latter place, for the purpose of forwarding on stores and provisions.

An additional number of boats will therefore be required for this service.

Under these circumstances I consider it indispensable that at least 40 more boats should be at once contracted for, to be built with the least possible delay.

As the Public Works Department is already in communication with the principal boat builders in these provinces, I think that these 40 additional boats should be procured by that Department.

13. Forty carts or wagons are said to have been provided for the conveyance of boats and stores from Thunder Bay to Shebandowan Lake.

The importance of getting them rapidly over this part of the journey cannot be too highly estimated.

It is necessary that two months' provisions should precede the main body of the Force, and that they should be stored at Fort Francis before the troops make their final start from thence.

It appears indispensable that 40 more carts should be provided to avoid delay, and to provide for casualties.

It is also desirable that a few huts should be erected at Fort William and Shebandowan Lake, for the purpose of sheltering the stores.

14. It has been stated that some small number of men to act as mounted police, have been already enrolled for service in the Red River Territory.

It is understood that the officer to command them has been already nominated; the fullest information is requested as to what has been already done in this matter, if it is intended that these men are to form part of the Expeditionary Force.

I am all the more anxious on this point, because I consider it to be a *sine qua non* that no one should accompany this Expedition who has been in any way personally connected with the Honourable Mr. Macdougall's party, or with the Red River affairs, during the recent unfortunate disturbances in that territory.

JAMES LINDSAY, *Lieutenant-General*.

. Inclosure 2 in No. 8.

The Deputy of the Minister of Militia to the Military Secretary.

*Department of Militia and Defence,
Ottawa, April 19, 1870.*

Sir,

WITH reference to the Memorandum of Lieutenant-General Lindsay of the 11th instant, submitted by you on the same day, I am directed by the Honourable the Minister of Militia and Defence to furnish the following replies to the various paragraphs thereof, with a request that his Excellency the Governor-General may be pleased to transmit the same to the Lieutenant-General Commanding:—

1. With reference to the proposed Expedition to the Red River Settlement, the Dominion Government will supply the proportion of the force suggested in the 1st paragraph as hereinafter explained (paragraph 4).

2. The Canadian Government learn with much satisfaction that the Lieutenant-General Commanding intends to appoint Colonel Wolseley as Commander of the combined force.

3. With reference to the Royal Canadian Rifles, the Canadian Government do not intend to avail themselves of the proffered services of the men of that corps.

4. Measures have been taken for the raising of a force of between 700 and 800 men as proposed in the 4th paragraph.

The inclosed copy of an Order in Council of the 16th instant (A) and of the Report of the Adjutant-General of Militia annexed to it, will afford a full reply to the 4th paragraph.

It shows that a quota of the proposed force is to be selected from each Militia District from those who volunteer for the Expedition so soon as the men have been duly mustered in their respective districts. The Lieutenant-General Commanding will be informed of their readiness to meet at such place or places as he may be pleased to direct.

5. In the selection of Field Officers and Captains, every care will be taken that fully competent officers will be appointed.

Each of the battalions mentioned in the above Order in Council will be commanded by men who have served with the army, and who are well known as qualified for the command of men, and for their knowledge of the arrangements of an embodied regiment. The selection of those gentlemen has been made from the Deputy Adjutants-General of the Militia of the Dominion of Canada, one from the Province of Ontario, and one from the Province of Quebec, the former being Lieutenant-Colonel Jarvis, Deputy Adjutant-General for Military District No. 3, and the latter, Lieutenant-Colonel Casault, Deputy Adjutant-General for Military District No. 7, both of whom have considerable military experience as British military officers.

6. Either of the above officers selected to command the two battalions, is considered well qualified to act as second in command to Colonel Wolseley, and to assume the entire charge of the force when the latter leaves the Red River Settlement. As a matter of course the senior would take the command.

7. The information required by paragraph 7 is furnished by the memorandum of Mr. S. J. Dawson herewith annexed (B).

8. By paragraph 8 of the Report the Adjutant-General of Militia attached to the Order in Council of the 16th instant, it will be seen that so soon as the number of men to be furnished by the Canadian Government have been duly mustered in their respective districts, they will be placed at the disposal of the Lieutenant-General Commanding as suggested by him, with a view to his assuming all responsibility in the matter.

9. The information required by this paragraph has been already furnished in a Report made to Lieutenant-General Lindsay by Lieutenant-Colonel Wily, of which Report a copy is hereto attached (C).

10. All stores that have not already been transferred will be handed over to the Control Officer by Lieutenant-Colonel Wily, who has been instructed to furnish any further information that may be required with reference thereto, and who for such purpose is placed entirely at the disposal of the Lieutenant-General Commanding.

It is suggested, as already stated in a letter to the Military Secretary, that no expenses for transport, nor any large expenditure connected with the Expedition to Red River should be incurred, nor any contract entered into for the same without previous communication with the Dominion Government, so as to avoid any undue advantage being taken by contractors, or extravagant charges being made by them. Lieutenant-Colonel Wily has been instructed to give every required assistance to the Control Officer.

11. No further purchase or acquisition of stores beyond those already contracted for, as shown by Lieutenant-Colonel Wily's Report (C) will be made, except on application of Lieutenant-General Lindsay.

12 and 13. Besides the information afforded in reference to this paragraph by Mr. Dawson's Report (B), instructions have been given to Mr. Dawson for the erection of huts at Fort William and Shebandowan Lake, for the purpose of sheltering the stores, &c., for the building of five additional boats, is complete, the required number (140), as well as for the making of 40 carts.

14. A mounted police force of 50 men is to be sent for service in the Red River territory. It will be commanded by Captain Cameron, R.A., with instructions to increase the force to 200 men from the people at Red River. Captain Cameron was on service in the Artillery at Halifax, and was *seconded*, at the request of the Canadian Government, at the Horse Guards, for the purpose of his proceeding to Red River as the head of the police. With regard to the concluding paragraph, care will be taken that the suggestions therein made be duly carried out.

Respecting the letter of the Military Secretary (Lieutenant-Colonel Earle) of the 13th instant, inclosing Memorandum of Colonel Wolseley of the same day, referred by you on the 16th instant, the Honourable the Minister of Militia and Defence directs me to state that a copy of the parts thereof relating to the Hudsons Bay Company has been transmitted to the agent of that Company, and that so soon as an answer is received it will be duly communicated to you, and that the subject of a negotiation with the Rainy Lake Indians will have due consideration from the Canadian Government.

I have, &c.

GEO. FUTVOYE.

Deputy of Minister of Militia and Defence.

. A.

COPY of a Report of a Committee of the Honourable the Privy Council, approved by His Excellency the Governor-General in Council, on the 16th April, 1870.

On the recommendation of the Honourable the Minister of Militia and Defence, the Committee advise that in view of the contemplated expedition to the North-West Territory, the annexed Report from the Adjutant-General of Militia, submitted by him, be approved and adopted, and the measures therein recommended taken and carried out.

Certified,

WM. H. LEE, *Clerk P. C.*

*Department of Militia and Defence,
Ottawa, 16th April, 1870.*

In view of the contemplated expedition to the North-West Territory, the undersigned respectfully submits the annexed Report of the Adjutant-General of Militia, and recommends that the several suggestions therein made be adopted, and the measures therein recommended be taken and carried out.

GEO. E. CARTIER,
Minister of Militia.

The Adjutant-General of Militia to the Minister of Militia.

*Militia Department, Canada,
Head Quarters, Ottawa, 15th April, 1870.*

Sir,

In view of the contemplated expedition to the North-West Territory, I have the honour to request that the following steps may be taken without delay:—

1. That two battalions of riflemen, of 350 non-commissioned officers and men per battalion (exclusive of officers), be raised in the provinces of Ontario and Quebec, and engaged to serve as

soldiers for one year, or for such longer period as the government may require, but not exceeding two years in all.

2. That these battalions should consist of seven companies, each of 50 non-commissioned officers and men, having one Captain and one Lieutenant, and one Ensign to each company.

3. That the staff of each battalion should consist of—

1 Lieutenant-Colonel.	1 Serjeant-Major.
1 Major.	1 Quartermaster-Serjeant.
1 Adjutant, with rank of Lieutenant.	1 Hospital Serjeant.
1 Paymaster.	1 Armourer Serjeant.
1 Quartermaster.	1 Paymaster's Clerk.
1 Surgeon.	

Thus making the strength of each battalion 382, including officers, staff serjeants, non-commissioned officers and men, and that one Chaplain be attached to each battalion at the usual rate of pay.

4. It is recommended that the men to form these battalions may be engaged by voluntary enlistment to serve therein from the existing corps, if possible, of active militia, in the following proportions, viz. :—

Military District.				Companies.	Officers.	Men.
No.	1	..	..	2	3	50 per cent.
"	2	..	..	2	3	50 "
"	3	..	..	2	3	50 "
"	4	..	..	1	3	50 "
"	5	..	..	2	3	50 "
"	6	..	..	2	3	50 "
"	7	..	..	3	3	50 "

5. That the rates of pay and Allowances to the officers of these battalions be as laid down in paragraph 286 of the Regulations and Orders for the Active Militia, with free rations when on the march or encamped, and the pay of the non-commissioned officers and men as follows :—

				Dollars.
Serjeant-Major	..	..	..	20 per month.
Quartermaster-Serjeant	..	..	..	20 "
Paymaster's Clerk	..	..	..	18 "
Hospital Serjeant	..	..	..	18 "
Armourer Serjeant	..	..	..	18 "
Colour Serjeant	..	..	..	18 "
Serjeant	..	..	..	15 "
Corporals and Buglers	..	..	..	13 "
Privates	..	..	..	12 "

Non-commissioned officers and men to receive in addition to their pay free rations and lodgings.

6. That immediate instructions be given to the Deputy Adjutants-General of the districts named, to call for such number of men as are authorized in paragraph 4, care being taken that the men so selected shall be between the ages of 18 and 45 years, of good character, sober habits, and physically fit for the service, and that each man so engaging be subject to a final medical examination at the district head-quarters.

7. That each man on final approval be required to sign a service roll, and be regularly attested before a magistrate at the district head-quarters, where the total number of men authorized for such district be mustered not later than the 1st of May, there to be billeted and await concentration.

8. That such concentration should take place as soon as circumstances will admit after such muster, at such place or places as shall be indicated by the Lieutenant-General Commanding.

9. That each non-commissioned officer and man be outfitted on enlistment with a free kit, and properly clothed, armed, and equipped.

10. That the two battalions be clothed as riflemen, and armed and equipped as follows :—

1 Short Snider Enfield Rifle, sword bayonet, and accoutrements complete.	1 Cloth (Rifle) Tunic.
60 Rounds Service Ammunition.	1 Pair Cloth Trousers.
1 Knapsack.	1 Great Coat.
1 Haversack.	1 Forage Cap.
1 Water Bottle.	1 Pair Beef Boots.
1 Iron Plate and Mug.	1 Pair Ankle Boots.
1 Blanket.	1 Linen Blouse and pair of Trousers.
1 Waterproof Sheet.	1 Mosquito Net.

The free kit to consist of—

2 Flannel Shirts.	1 Box of Blacking.
2 Pairs of Socks.	1 Tin of Waterproof Blacking.
1 Pair of Braces.	2 Darning Needles.
2 Linen Towels.	1 Piece of Darning Yarn.
1 Knife, Fork, and Spoon, with hold-all.	2 Ordinary Needles.
1 Cloth Brush.	1 Hank of Thread.
2 Blacking Brushes.	1 Piece of Soap.
1 Comb.	

In addition to articles for winter use, there will be provided—

1 Tunic (Cloth).	2 Knitted Under Shirts.
1 Pair Cloth Trousers.	2 Pair Knitted Drawers.
1 Winter Cap (Fur).	1 Muffler.
1 Pair Mitts.	

11. That with the exception of uniform clothing and boots, should subsequent issue of necessities be required, such issues to be on repayment.

12. That each Deputy Adjutant-General of the Districts named be instructed to recommend the names of one Captain and one Lieutenant, and one Ensign for each company authorized to be raised in their respective Districts, and whom they may consider best qualified to act as Captain and Lieutenant and Ensign to these Companies.

13. That the selection of the Field Officers and Battalion Staff should be undertaken by the Adjutant-General, subject to approval.

I am, &c.

P. ROBERTSON ROSS,

Colonel, Adjutant-General of Militia.

The Honourable

The Minister of Militia and Defence

B.

MEMORANDUM by S. J. Dawson, in reference to Sections 7, 12, and 13 of General Lindsay's Report of 11th April, 1870.

Ottawa, 14th April, 1870.

1st.—In regard to section 7, as soon as order has been re-established in the Red River Settlement, there could, I am confident, be no difficulty in housing a force of 1,000 men, by stationing a portion thereof at the Stone Fort, a part at Fort Garry, and the balance in buildings near the latter place.

At the Stone Fort an area of about six acres is enclosed within the walls, a considerable portion of which is laid off in lawn and garden, the Fort contains several substantial stone buildings. The largest is a handsome edifice, I should say about 100 feet in length, with verandahs running completely round it.

Besides this building, which was evidently intended to accommodate a military force, there are other storehouses and buildings of considerable dimensions.

Within the enclosure too, temporary houses could easily be put up.

At Fort Garry, the area enclosed within the walls is not so large as at the Stone Fort, but the number of buildings is greater and some of them are large. Apart from the other buildings there is in this Fort a barrack, which, to the best of my recollection, should accommodate from 150 to 200 men.

The town of Winnipeg, close adjoining Fort Garry, contains a population of about 1,500, and in it are many large stores and houses which could be converted into barracks.

Besides, just opposite Fort Garry, on the east bank of the Red River, are extensive buildings belonging to the diocese of St. Boniface, at present used as nunneries, schools, colleges, &c. Doubtless some of these could be obtained, if necessary, for the accommodation of the troops.

Upon the whole, I think there can be no difficulty in housing 1,000 men in the Red River Settlement, either within or in close proximity to the forts.

The Hudsons Bay Company, I have no doubt, would readily vacate the Stone Fort, and accommodate their people in adjoining buildings, and I believe they would be the best agents to employ in providing accommodation for the troops.

2nd.—In regard to Section 12, the suggestion as to providing additional boats has already been acted on by the Government.

The total number being built, most of which are now in readiness to be sent to Thunder Bay, is 135, besides which two first-class "North Canoes" have been ordered at Fort William for the special use of the Officer Commanding the Force.

The annexed Statement shows the number and capacity of the boats.

3rd. In respect to Section 13, as wagons are being arranged for, I confine myself to the concluding paragraph, which is as follows:—

"It is also desirable that a few huts should be erected at Fort William and Shebandowan Lake, for the purpose of sheltering the stores."

In order that these may be provided with the least possible delay, I would suggest that 40,000 feet (B.M.) of sawn lumber of suitable dimensions, should be sent to Fort William on the opening of the navigation. This would provide for the buildings at Thunder Bay. Those at Shebandowan Lake should be of logs covered with scoops.

These buildings can best be put up in connection with the works now in progress.

I may remark that temporary stables will be required at Thunder Bay, and at various points on the Thunder Bay Road.

S. J. DAWSON,

Engineer, Red River Roads.

MEMORANDUM, showing dimensions and carrying capacity of boats for Red River Route.

Places where Built and Names of Builders.	Number.	Dimensions.			Capacity when moderately loaded.
		Length.	Beam.	Depth.	
		Feet.	Feet.	Inches.	
<i>Toronto—</i>					
Samuel Leves	3	30	6	33	2½ tons, 12 men, and outfit.
" " " "	12	30	6½	32	" " "
John Clendenning ..	4	30	6	33	" " "
<i>Barrie—</i>					
John Charles	5	30	6½	32	" " "
<i>Collingwood—</i>					
William Watt	9	30	6½	32	" " "
R. Benoit	6	30	6½	32	" " "
<i>Hamilton—</i>					
Martin Stetts	3	30	6½	32	" " "
" " " "	1	33	7½	35	4 tons, 15 men, and outfit.
<i>St. Catherine's—</i>					
Louis Shikluna	6	30	6½	32	3 tons, 12 men, and outfit.
<i>Port Dalhousie—</i>					
Alexander Abbis	4	30	6½	32	" " "
William Wakerly	1	33	7	35	4 tons, 15 men, and outfit.
" " " "	1	30	6½	31	2½ tons, 12 men, and outfit.
McPhee	1	30	6½	31	" " "
<i>Welland—</i>					
George Ault	5	33	7	34	4 tons, 15 men, and outfit.
" " " "	5	30	6½	32	2½ tons, 12 men, and outfit.
<i>Owen's Sound—</i>					
M. March	5	30	6½	31	" " "
<i>Kingston—</i>					
M. O'Gorman	2	30	7	35	3½ tons, 12 men, and outfit.
" " " "	1	30	6·10	35	" " "
" " " "	1	25	6·8	33	2½ tons, 12 men, and outfit.
" " " "	1	25	7	33	" " "
A. McCorkill	1	30	6·10	33	3 tons, 12 men, and outfit.
" " " "	1	30	6½	33	" " "
" " " "	1	30	6½	33	" " "
" " " "	1	30	7	35	" " "
" " " "	1	30	6¾	35	" " "
" " " "	1	30	6¾	33	" " "
" " " "	1	30	7	35	" " "
W. C. Knapp	1	28	7½	35	" " "
W. Power & Co.	2	25	7	35	" " "
<i>Quebec—</i>					
At Island of Orleans by different parties ..	} 16	25	6·2	30	2½ tons, 12 men, and outfit.
In all	102				

In addition to the above, 33 boats have been ordered to be in readiness by 10th May. They will be of the following dimensions: 25 feet keel, 6 feet 2 inches to 6 feet 6 inches beam, 30 inches depth, and capable of carrying 2½ tons each besides men and outfit.

There will then be in all 135 boats.

The actual tonnage of the 30-foot keel boats by ship-builder's measurement, would be about 5 tons; that of the 25-foot keel boats, about 4¼ tons.

The 33-foot keel boats would carry 6½ tons *en route*, however, the boats should be loaded only as above set down.

S. J. DAWSON.

C.

REPORT of Lieutenant-Colonel Wiley.

*Department of Militia and Defence,
Store Branch, Ottawa, 12th April, 1870.*

Sir,

IN accordance with instructions received from the Honourable the Minister of Militia and Defence in relation to the supplies named in the margin, I have now the honour to report that, acting on the Minister's instructions as conveyed in his letter bearing date 21st March last, at once proceeded to Toronto and made the following arrangements respecting them, viz.:—

With Mr. Robert Spratt, of Toronto, for flour, hay, and oats (see letters numbered 1, 2, and 3 respectively).

One thousand half barrels of flour have been purchased and will be ready for delivery at Collingwood by the time specified. The purchase of the other thousand half barrels will be completed in a few days. The flour is to be inspected as extra superfine, and is to be made of the best white fall wheat. The hay is bought, and will be pressed and ready for delivery at Collingwood at the date required. Five thousand of the six thousand bushels of oats required were secured, and are now stored at Owen Sound, ready for shipment on the opening of the navigation.

Messrs. W. Ramsay and Co. have engaged to supply the pork required (see Agreement numbered 4).

One thousand five hundred barrels have been received and are now in process of daily delivery as it is being inspected and repacked; 1,000 barrels will be stored at Toronto, the balance of it is to go to Collingwood, where it will be ready for shipment on the opening of the navigation, as much of the pork as it has been possible to obtain half barrels for, will be re-packed in such packages.

Messrs. Rice, Lewis, and Son, of Toronto, have contracted to deliver 1st May next, the wagons, carts, and harness needed (see letters numbered from 5 to 8 respectively).

The contractors write me to-day that they cannot find, either here or in the United States, the seasoned timber required for the manufacture of the broad-tyred wheels contracted for. On consultation with Mr. Dawson, he has decided that the common-tyred wheel will do, and I have forwarded the contractors instructions accordingly. Broad-tyred wheels not being in use in this country, those ordered being a speciality, no previous provision is made for their manufacture, as is the case with the ordinary wagons.

Two of the wagons have been ordered to be built with springs for conveyance of passengers provided with seats for the accommodation of from 6 to 8 each. Five other wagons are to be adapted for oxen.

Mr. Bond, of Toronto, has undertaken to procure the 70 horses (see letters numbered 7 and 10).

Mr. Winters, of Collingwood, will provide the oxen (see letters numbered 11 and 12).

The animals are all to be concentrated at Collingwood by the 1st May next, provided with the necessary teamsters. All required accommodation for them can be had at the last-named place.

I have, &c.

THOS. WILEY, *Lieutenant-Colonel.*

*Lieutenant-General the Hon. James Lindsay, &c., &c.,
Commanding H.M. Troops, Montreal.*

2,000 barrels flour.
1,700 barrels pork.
30 wagons.
30 sets of harness.
10 carts.
10 sets of harness
70 horses.
24 oxen.
120 tons hay.
6,000 bushels oats.

Inclosure 3 in No. 8.

Lieutenant-General the Honourable James Lindsay to His Excellency the Governor-General.

Sir,

Ottawa, 23rd April, 1870.

I HAVE the honour to acknowledge the receipt of your Military Secretary's communication of the 20th April, forwarding to me replies from the Minister of Militia and Defence to the various points in my Memorandum of the 11th of April.

While the replies are generally satisfactory, and are calculated to assist the conduct of the arrangements for the organization of the Expedition to the North-West Territory, there is one point which I think it my duty to submit for your Excellency's consideration, and at the same time take the opportunity of explaining my views for carrying out the service to be performed in the most efficient manner.

I extremely regret the decision at which the Dominion Government has arrived in declining the services of a portion of the Royal Canadian Rifles, who might be inclined to settle in the territory.

This Expedition is one of considerable difficulty and magnitude, owing to the number of men composing the Regular Force, to the character of the country through which the Force will have to pass, and to the time occupied by the constant changes caused by the alternate navigation of lakes and rivers with numerous portages and dangerous rapids, and above all to the distance of Fort Garry from the base of operations. Such an expedition requires of both officers and men engaged in it habits of order and military training necessary if the country can be peaceably occupied, and still more so in the event of there being any opposition.

I am certainly of opinion that if the Militia Force proposed for the expedition was under arms for a considerable period previous to taking the field, military training, added to the natural capacity of the men, well chosen for their backwood habits, for a rough life, they would form a very valuable and capable force.

I must, however, call your Excellency's attention to the state of affairs as they actually exist.

This Expedition has been in the contemplation of the Dominion Government for several

months, yet it was only upon the 15th of April, and after the receipt of my Memorandum of the 10th April, which was sent in within a few days of my arrival in this command, that the Adjutant-General of Militia submitted a plan for raising two regiments of Militia for service in the North-West.

The companies composing these two Corps will be formed by men volunteering from the different regiments in each of the seven Militia Districts, and the officers appointed to each company will be selected from officers of the Districts. Companies will, therefore, be organized, in which neither officers nor men know any thing of each other, and will not, until they have been for some time together, have any military cohesion, nor have that knowledge and confidence in each other so necessary in the conduct of a military operation. These regiments can hardly commence any military training before the end of the first week in May, and only a short time before they should proceed to Fort William, *en route* to the Red River. The consequence is that a force must either be started inadequate to the service to be performed, or else delay must take place in the advance of the force while the two regiments are undergoing the necessary military training; for the few days during which the Militia Force assemble for annual training every year cannot be considered sufficient for a service of this description, the men composing it being brought together as above described.

With respect to the number of Militiamen it is proposed to send, viz., 700 rank and file, they are, as I am advised at present, and in the event of there being no opposition, amply sufficient. But I have to observe that no margin is left for casualties previous to the Expedition starting, and I think that not less than 800 rank and file should be assembled, though not more than 700 rank and file need be sent to the North-West. But at all events, in consequence of the distance from the base of operations, and the necessity of having reserves of men and stores, it will be necessary to garrison Fort Francis and Fort William, as a measure of security. In this case I shall require an additional 140 men, to be found by the Dominion Government. The total Militia Force, therefore, required to proceed with the Expedition will be 840 men exclusive of officers and non-commissioned officers, and 100 men as a margin from which casualties may be replaced before the Expedition starts.

But it is essential, as far as the information as to the state of affairs in the Red River Settlement can guide the arrangements, that the possibility of opposition should be considered, and although I do not anticipate, for many reasons, that much extraneous aid could be rendered to the insurgents, yet the probability of their receiving assistance from the roving and lawless societies which are to be found in the United States, cannot be ignored.

When Colonel Wolseley arrives at Fort Francis, which he will do in advance of the main body of the Expeditionary Force, he will, it is hoped, by previous concerted arrangements obtain intelligence of the state of affairs in the settlement, and at once report to me thereon. But I think it necessary that arrangements should at once be made for a reserve of a Militia Battalion which shall, if necessary, be ready to assemble at a moment's notice. I do not propose to call this battalion out until it becomes necessary to send it to Fort William, and that would depend upon information received from Colonel Wolseley. The most effective way to organise such a reserve would be to name some battalion in Ontario, whose numbers should be made up to 400 men by volunteers from other regiments of Militia in the same district.

Reviewing, therefore, the whole circumstances as above pointed out, I cannot say that I feel satisfied with the arrangements as they at present exist with respect to the efficiency of the force to be employed, and considering the moral effect of a body of trained soldiers, and their efficiency in the event of opposition, I trust your Excellency will agree with me in thinking that as a portion of Her Majesty's troops are to be employed, it would be desirable to obtain the sanction of the Imperial Government to increase the number of the 1st Battalion 60th Rifles to be employed from 200 to 400 rank and file. This measure would augment the confidence of the loyal settlers, decrease that of the insurgents, and give greater security for success.

In the event of this being acceded to, I should not require the additional 140 men from the Militia to which I have above adverted.

I understand that the Imperial Government are prepared to bear the expense attending the employment of 250 regular soldiers on this expedition; any expense, therefore, consequent upon an increase of the regular force would fall upon the Dominion Government. But the employment of the extra number of regulars would in fact be cheaper than the additional number of Militiamen above required (viz., 140), inasmuch as the Government would not have to pay the men, but they will have to give 200 men free rations instead of 140 men. There will be the personal equipment of the men in respect of mocassins, shirts, water-bottles, field allowance for officers, &c., which must fall upon the Dominion Government according to the present arrangement under which the expense is to be apportioned. Other stores, such as blankets, waterproof sheets, &c., for the additional force, I am prepared to serve out from the Imperial stores.

The force to be employed upon the expedition would therefore stand thus:—

1st Battalion 60th Rifles	400
Artillery and Engineers	40
Militia (all ranks)	780
	1,220

I request that your Excellency will favour me with the decision of the Dominion Government upon this proposal with as little delay as possible, as it will be necessary to communicate by telegraph to the Imperial Government for authority.

I am glad to observe that the Dominion Government do not propose that the police force, which is to be placed under Captain Cameron, should form part of or accompany the Expedition until the force is established in Fort Garry and the Red River Territory.

I have, &c.

JAS. LINDSAY, *Lieutenant-General.*

Inclosure 4 in No. 8.

The Deputy Minister of Militia to Lieutenant-Colonel McNeill, V.C.

*Department of Militia and Defence,
Ottawa, 26th April, 1870.*

Sir,

REFERRING to the letter of the Lieutenant-General Commanding of the 23rd instant, referred by your letter of yesterday's date, I am directed to state that the question of the reserve battalion therein mentioned will be duly considered by the Honourable the Minister of Militia and Defence, who fully concurs in the suggestion made by the Lieutenant-General Commanding that 140 additional regulars would be employed, and who desires me to convey to you his assurance that all the additional expense to be incurred by the employment of that extra number will be borne by the Dominion Government.

I have, &c.

GEO. FUTVOYE,
Deputy Minister of Militia.

Inclosure 5 in No. 8.

Lieutenant-General the Honourable James Lindsay to his Excellency the Governor-General.

Sir,

Ottawa, 27th April, 1870.

I HAVE the honour to represent that it is desirable that I should be officially informed by your Excellency if regular troops are to form part of the contemplated Expedition to Red River.

If so, I have to request the favour of being called upon in writing to provide the quota at present authorized for this service by the Imperial Government, and of being informed as to the terms agreed upon between the two Governments on this subject.

Until I receive this information, I cannot issue the necessary order to Her Majesty's troops.

I have, &c.

JAMES LINDSAY,
Lieutenant-General Commanding.

Inclosure 6 in No. 8.

His Excellency the Governor-General to Lieutenant-General the Honourable James Lindsay.

Sir,

Government House, Ottawa, 2nd May, 1870.

IN reply to your letter of the 27th instant, I have the honour to inform you that the Canadian Government are of opinion that Regular Troops should form part of the contemplated Expedition to Red River, and that they are prepared to adhere to the terms already agreed upon in the premises as between the Imperial and the Canadian Government.

I have, &c.

JOHN YOUNG.

Inclosure 7 in No. 8.

His Excellency the Governor-General to Lieutenant-General the Honourable James Lindsay.

*Governor-General's Office,
Ottawa, May 7th, 1870.*

IN my letter to you of the 2nd instant, I conveyed to you the formal authority of the Government of the Dominion for the expedition to the North-West.

2. Yesterday I received the following telegram from Lord Granville, conveying the sanction of Her Majesty's Government for the use of the Queen's troops :—

"The troops may proceed."

3. Now, therefore, it only remains for me formally to request you to organize and start the expedition in accordance with the agreements and arrangements which have been made on the subject, and with which you are acquainted.

I have, &c.

JOHN YOUNG.

Inclosure 8 in No. 8.

GENERAL ORDERS.

Montreal, 10th May, 1870.

1. IT has been decided that a Force of Regulars and Volunteers shall be sent to the Red River Settlement.

2. Colonel G. J. Wolseley, Deputy Quartermaster-General, has been appointed, with the approval of His Excellency the Governor-General, to command the Expedition.

3. The following Staff Officers to the Force have been appointed :—

Brevet Lieut.-Col. Bolton, R.A., Deputy-Assistant Adjutant-General.

Major McLeod (Active Militia), Assistant to Dep.-Assist. Adjt.-Gen.

Captain Huyshe, R.B.

Lieutenant F. C. Denison (Active Militia) } Orderly Officers.

His Excellency the Governor-General having placed his Military Secretary, Lieutenant-Colonel McNeill, at the disposal of the Lieutenant-General, he will be attached to the Staff of the Expedition.

4. The following Control Officers to the Force have been appointed :—

1. Assistant-Controller M. B. Irving (in charge between Fort William and Fort Garry).

2. Purveyor Mellish.

3. Deputy-Assistant Commissary-General Meyer.

4. Deputy-Assistant Commissary-General Beamish.

5. Deputy-Assistant Superintendent of Stores Jolly.

Captain Money, R. C. Rifles, Acting Deputy Commissary.

Captain Peebles (Active Militia), Acting Deputy Commissary.

Lieutenant C. C. Smyth, R. C. Rifles, Acting Assistant Commissary.

5. The following Medical Officers to the Force have been appointed :—

Surgeon-Major Young, M.D., 1st Batt. 60th Rifles, Principal Medical Officer.

Assistant Surgeon Olliver, M.D., 1st Battalion 60th Rifles.

" " Shaw, M.D.

" " Robertson, M.D.

" " Chatterton, M.D.

6. The force will consist of—

A Detachment Royal Artillery, under Lieutenant Alleyne.

A Detachment Royal Engineers under Lieutenant Heneage.

7 Companies of the 1st Battalion 60th Rifles under Colonel Fielden.

A Detachment Army Hospital Corps and Army Service Corps under Assistant Controller Irving.

A Battalion of Militia under Lieutenant-Colonel Jarvis, D.A.G. Militia, 3rd District.

A Battalion of Militia under Lieutenant-Colonel Casault, D.A.G. Militia, 7th District.

7. The whole of the troops will be held in readiness to move at short notice to Toronto, where the Force will be organized.

8. The Inspector-General of Hospitals will arrange for a careful medical inspection of all men selected for the Expedition.

9. The following daily ration is granted from the date of the Force leaving Toronto, and will be issued free of charge to non-commissioned officers and men.

No working pay will be issued, except to men employed by the Public Works Department.

Daily Ration.

1 lb. Biscuit, or 1½ lb. of Soft Bread.	½ oz. Salt (when fresh meat is issued).
1 lb. Salt Pork, or 1½ lb. of Fresh Meat.	⅓ pint of Beans, or ¼ lb. Preserved Potatoes.
2 oz. Sugar.	⅓ oz. Pepper.
1 oz. Tea.	

Tobacco and soap will be provided by the Control Department for purchase by the Troops.

10. The Secretary of State for War, in consideration of the special nature of the service, has sanctioned the issue of the following necessities, free of cost, to all non-commissioned officers and privates of the Regular Force. A similar arrangement will be made by the Dominion Government for the Militia :—

1 Serge Frock.	1 Woollen Night Cap.
1 Pair Serge Trousers.	1 Cap Cover with peak.
1 Pair Ox Hide Boots.	1 Piece Musquito Netting.
2 Pairs Worsted Socks.	1 Clasp Knife.
2 Flannel Shirts.	1 Tin Cup.
1 Housewife.	1 Tin Plate.

11. Extraordinary field allowance for six months will be issued to all officers herein appointed to take the field.

12. Officers will not be allowed under any circumstances to take civil servants with them.

13. Officers may take a limited amount of mess stores and cooking utensils as far as Fort William. Beyond that place each officer will be allowed 90 lb. weight only, which will include bedding, and cooking and mess utensils.

Owing to the peculiar nature of the service upon which this force will be employed, the Lieutenant-General desires that all company officers may be armed with rifles; they will carry 60 rounds of ammunition like the men.

14. Officers of both regulars and militia will be allowed to buy from the military stores any article of equipment they may require. Lists will be sent in by Commanding Officers to the Senior Control Officer on the spot.

15. The Control arrangement in connection with the Expedition will be made by Lieutenant-Colonel Martindale, Deputy Controller.

The sub-charge of Assistant Controller Irving will commence at Thunder Bay.

16. With the exceptions of communications on routine business and matters of accounts, the Official Correspondence connected with the force, after its arrival in Thunder Bay, will pass directly between the Commander of the Expedition, or the Senior Officer Commanding on the spot and the Lieutenant-General.

17. Colonel Wolseley will look to the Lieutenant-General only, for orders and instructions, which he will receive through the Staff or Control.

18. With reference to the General Order No. 5, of the 9th instant, the following officers will also proceed to Toronto:—

Deputy-Assistant Commissary-General Beamish, from Ottawa.

Deputy-Assistant Commissary-General Meyer, from Kingston.

By Order,
J. E. THACKWELL,
Deputy Adjutant-General.

No. 9.

Lieutenant-General the Honourable James Lindsay to War Office.

Sir, *Head-Quarters, Montreal, 27th May, 1870.*

I HAVE the honour to enclose you a copy of my instructions to Colonel Wolseley. Before issuing them I submitted to the Governor-General the paragraphs referring to the withdrawal of the troops, and the relations with the Lieutenant-Governor of Manitobah. His Excellency saw no objection to them.

These instructions, read in connection with Colonel Wolseley's orders to the force, which I also enclose, will explain the nature of the operations in hand.

I also enclose you a copy of a report I addressed to the Governor-General on the 23rd May, to be laid before his Ministers, which shows how far these operations are already in progress.

I have nothing to add to it. I expect to hear shortly from Colonel Wolseley at Fort William, and shall keep you constantly informed of what is going on. But as Colonel Wolseley proposes to push through himself to Fort Francis at once, organizing the boat service and passage of supplies and troops as he goes along, I shall not get any further reports from him for some time.

I have, &c.

JAS. LINDSAY, *Lieut.-General,*
Commanding Ontario and Quebec

Inclosure 1 in No. 9.

EXPEDITIONARY FORCE TO RED RIVER.

INSTRUCTIONS for the guidance of Colonel Wolseley.

THE Governor-General having called upon me to furnish a detachment from Her Majesty's Army in Canada, for the purpose of forming, in conjunction with the Dominion Militia, an Expeditionary Force to the North West Territory, now called Manitobah, I have appointed you to the command.

1. The object of the expedition is explained in the following Extract of the Governor General's Speech, in which he closed the Session of the Parliament at Ottawa, on the 12th May last.

"The Military Expedition which it is necessary to send, will gratify and give confidence to all loyal and well-disposed persons."

"Her Majesty's Troops go forth on an errand of peace, and will serve as an assurance to the inhabitants of the Red River Settlement and the numerous Indian tribes that occupy the North-West, that they have a place in the regard and the counsels of England, and may rely upon the Imperial protection of the British Sceptre."

2. The Force will consist of about 1,140 men, and will be composed of detachments of the Royal Artillery, and Royal Engineers, Army Service Corps, and Army Hospital Corps, 7 companies of the 1st battalion 60th Rifles, and two regiments of Canadian Militia, of 350 rank and file each.

The Force will embark at Collingwood, on Lake Huron, as soon as the Dominion Government have made the necessary arrangements with respect to transport.

3. It will be necessary to disembark armed men and munitions of war at Sault St. Marie, and to re-embark them on Lake Superior, as the American Government will not permit them to pass through the canal, which is in the United States Territory.

As there is always a probability of an incursion of Fenians when so near the American Territory, it will be necessary that you should have a strong force of militia at this point, for the security of your stores, and to remain there until they are all gone forward. The armed steamer "Rescue" has been placed under your orders with this object.

4. The officer in command, and other officers, should cultivate cordial relations with the officers of the United States Army stationed at the Sault.

5. At Thunder Bay you will have for some time a large depôt of stores, and an hospital, and it is also your base of operations.

It will be necessary to secure your position against the possibility of a raid either from the Lake or the land side. You should prepare temporary defences. A strong company should, when the main body of the Force has moved forward, remain at this post, the Commander of which should be carefully selected for his discretion.

6. At Fort Francis you should collect stores for three months' consumption, which should be there before the Force again moves forward, so as that one month's consumption should be taken in the boats from that place, with a reserve of two months left in store.

An hospital should be established here, and good diet obtained if possible. A strong garrison, under a Commander of discretion, should be left here until the approach of winter.

7. The detail of the arrangements for an advance of the Force, and transport of stores from Thunder Bay, are left to your discretion. But care must be taken not to encamp on American ground, which is, during a portion of the route, on the opposite banks of the rivers and lakes.

8. In the event of your being able to go over the route to Fort Francis previous to the advance of the troops, it would be desirable that the Hudson's Bay agent should send a messenger to Fort Alexander, and the Red River extremity of Winnipeg Lake, to obtain information as to the state of affairs in the settlement, and as to the probability of obtaining supplies of fresh meat on arrival at Fort Garry.

9. Fort Francis being close to the American frontier, and within reach of the mines at Vermillion Lake, which are probably worked by Irishmen, precaution should be taken against predatory attack, and also against desertion.

10. Strict instructions should be given to officers and non-commissioned officers in charge of boats, to control the men in order to prevent accidents, and they should not interfere with the voyageurs, who should receive respectful treatment. It will be better to lose some time than to risk life unnecessarily.

11. In your progress you should leave the means of keeping up the communication with the rear by distributing a certain number of boats on the lakes, by which means you will be enabled to transmit messages to me, and send for any further supplies you may require.

12. Before you arrive at Fort Garry, it would be desirable that some of the workmen of the civil engineers should have gone forward to make a road through the swamps, from the north-west angle of the Lake of the Woods; and after your arrival it would be desirable to employ some of the men of your Force in completing this line of communication, so that it may be used by the Regular Force on its return.

13. After you are established in Fort Garry, a portion of the boats should be employed in bringing up supplies from Fort Francis, so that you may have a month's

upply in Fort Garry, in addition to supplies of fresh meat and vegetables which you may get in the settlement, while there should be sufficient left in Fort Francis for the return journey of the Regular Force in September, and for the company remaining there.

14. You will make all necessary arrangements for housing the Militia Force during the winter, the expense of which will be borne by the Dominion Government. You will also take into consideration the possible contingency of a portion of the Regular Force remaining there.

15. It is the present intention of the Governor-General to visit the settlement in August, in which case I hope to accompany him.

In the event of my not being able to do so, you will order the Regular Force to commence its homeward march on or about the 20th August, and no order, except one received from me, in concurrence with the Governor-General, is to prevent you from carrying this into effect.

15A. During your advance from Toronto you will take no orders from any one except me, and I shall not interfere with your arrangements, relying on, and having the greatest confidence in your discretion.

16. The Lieutenant-Governor will probably arrive at Fort Garry soon after you are established there. He will be in the same relative position with respect to the Officer Commanding Her Majesty's troops and who is placed in command of the Dominion Force, as the Lieutenant-Governor of the Provinces of Ontario and Quebec are as regards myself, and will have no control over you, which can only be exercised by the Governor-General through the Lieutenant-General Commanding.

17. As, however, the territory of Manitobah is cut off by distance from immediate communication with the Governor-General, should the Lieutenant-Governor require exceptional military duties of you he must furnish you with a requisition in writing, detailing the object, and you will use your own discretion as to the course you may think it necessary to pursue.

18. Should any difference of opinion arise between the Lieutenant-Governor and yourself you must act upon your own discretion, and record it officially.

19. After your first arrival it is very desirable that the force should be encamped and kept together, and that you should keep a certain force under arms daily on duty, and at a later period recommend the distribution of the force for the winter in the manner you think best in a military point of view.

20. It will be part of your duty to take care that the Militia Staff Officers, and those officers attached to the force, are instructed in their duties by the Imperial Staff and Control Officers, so that they may undertake the duties efficiently on the removal of the Regular portion of the Force.

21. On the Regular Troops finally quitting the Settlement you will direct the Assistant Controller to take stock of all supplies and Imperial stores that remain, and deliver them over to the Militia Storekeeper, as well as all articles not required by the troops on their return; thus finally closing the account between the Imperial and Canadian Governments as regards supplies at Fort Garry. If not required, you have authority to dispose of them to the best advantage.

22. As regards supplies of fresh meat on your arrival at Fort Garry, I shall be guided to some extent by information which I have already asked for, and shall do all that I can to obtain an immediate supply, but this should not induce you to relax your own efforts in that direction. The Controller will alone be responsible for feeding the force until the 30th September. I have suggested that the Dominion Government should assume the responsibility after that date.

23. In conclusion, it will doubtless occur to you that owing to the mixed character of the Force, and its inexperience in the nature of the service, the proximity of the United States frontier, the peculiar character of Indians and voyageurs, great care will be required in enforcing strict attention to orders. Indians should be ceremoniously treated.

24. The Imperial character of the force, with entire freedom from all sectional feelings, should be maintained.

25. The possibility of opposition should be provided for, whatever news you may receive.

26. It is most important that none of the persons who had during the last winter taken part in the troubles at Red River should accompany the Expedition, and you will do all that lays in your power to prevent them doing so. I have to recall to your memory that both in public and in private certain of those gentlemen have expressed themselves anxious to take the opportunity of the advance of the Expedition to pay off their scores. You will therefore discountenance them in a public manner should they attempt so to fasten themselves upon you.

The Dominion Government has appointed Captain Cameron to take up a body of men to act as mounted police, but you will not permit him to precede or accompany your force.

JAS. LINDSAY,

Lieutenant-General Commanding.

Inclosure 2 in No. 9.

STANDING ORDERS for the Red River Expeditionary Force.

Toronto, 14th May, 1870.

1. THE Expeditionary Force will proceed from the end of the Thunder Bay Road to the Lake of the Woods in boats. It will move by detachments, consisting of one or more companies. To each company a brigade of 5 boats will be attached.

2. The boats will be numbered, 1, 2, 3, &c., &c., and the brigade will be distinguished by letters beginning at A.

3. In each boat there will be the following tools and equipment:—2 felling axes, 1 pick axe, 1 spade, 1 shovel, 2 hand axes, 2 flanders kettles, 2 frying pans, 2 sails, 2 boat-hooks, 2 spare oars, "making eight in all," 4 rowlocks, 1 set of blocks (single and double), 1 boat lamp, 6 thimbles for setting poles, 1 dipper, 1 rubber bucket, 1 boat-sponge, 2 cans paint (black and white), 5 lb. assorted boat-nails, 1 double tin oil can, 1 tin. with pitch, 1 tarpaulin, fenders, 60 fathoms tow line, 1 can mosquito oil, &c., &c.; spare plank and tools necessary for repairs. There will also be the cooking utensils, &c., of the boatmen, for which the coxswain of each boat will be responsible. In every boat there will be 30 days' rations for the soldiers and boatmen, besides, also, about 1 ton of surplus stores.

4. With each brigade of boats there will be a carpenter's chest of tools, and a fishing net.

5. The scale of rations for every one will be as follows:—1 lb. of biscuit, or $1\frac{1}{2}$ lb. of soft bread, 1 lb. of salt pork, or $1\frac{1}{2}$ lb. of fresh meat, 2 oz. of sugar, 1 oz. of tea, $\frac{1}{2}$ oz. of salt when fresh meat is issued, $\frac{1}{2}$ pint of beans, or $\frac{1}{4}$ lb. preserved potatoes, $\frac{1}{32}$ oz. pepper; the ration of flour, when issued, to be $1\frac{1}{2}$ lb.

6. In each boat there will be three voyageurs, one of whom will be the coxswain, and have entire charge of managing the boat.

7. The officer or non-commissioned officer in command of the men in each boat will render him every assistance in doing so, and any one going counter to his advice must understand that he is taking upon himself a grave responsibility which may possibly affect the safety of the whole party.

8. No one, under any pretence, will be allowed to sit on the gunwale of the boats, and all must learn to sit steadily, moving as little as possible when the boat is under weigh, particularly in rapid water. When under sail the sheets must never be made fast, they must invariably be held by the hand.

9. To prevent supplies being sent to wrong places, it must be remembered that all stores belonging to the Expedition have been divided into three classes, X., Y., Z., and marked accordingly; those marked Z. are to be taken with the force when it finally starts from Fort Francis; those marked Y. are to be left at Fort Francis, and those marked X. at Fort William.

10. Officers commanding companies will not allow, under any pretence whatever, any person not belonging to the force to be carried in the boats, unless he has a written permission, signed by the officer commanding the force or by Lieutenant-Colonel Bolton.

11. The officer in immediate command at the Shebandowan end of the road will be held strictly responsible that no unauthorized person embarks. He will attend at the departure of each brigade of boats to see this order rigidly carried out.

12. Detachments will be posted temporarily at various portages along the route for the purpose of facilitating the transport of supplies to Fort Francis.

13. They will carry out this duty as follows: They will daily send back to the nearest portage in rear a sufficient number of boats to carry 15 tons of stores; all the boatmen to be employed on this service, supplemented by as many soldiers as the Officer Commanding on the spot may consider necessary; all soldiers to take their arms and accoutrements with them.

14. One officer will invariably accompany the boats upon this duty, and will take with him at each trip supplies sufficient for the crews for three days, together with a portion of tools, &c. The remainder of the detachment to be employed daily in carrying over the portage at their post the 15 tons of stores brought up by the boats on the previous day, and loading them in the boats sent back to receive them by the detachment in front.

15. The day after each detachment has reached its position it will commence operations by sending back for the surplus stores of the detachment in rear. This will be continued daily until all the reserve supplies for Fort Francis have been sent forward.

16. The greatest possible care will be necessary in loading and unloading the boats to guard against their being injured. The Indian voyageurs having had great experience in loading canoes, their advice is to be attended to in this matter.

17. Every one concerned must remember that the success of the undertaking depends upon these boats; and if those provided are rendered unserviceable, they cannot be replaced.

The Colonel Commanding will therefore have no alternative but to leave behind the crews of any boats that are rendered unfit for use.

18. Colonel McNeill will be stationed at the Shebandowan end of the road. Special instructions will be issued to him for his guidance.

19. Mr. Meyer will be the Control Officer there, to superintend the shipment of stores.

He will be responsible for the loading of the boats, and will decide also the description and amount of stores to be sent with each, in addition to those laid down as forming the equipment of each boat. He will hand over to the Captain of each company, the evening before he starts, the complete equipment of his brigade of boats, receiving a receipt from him for it. The Officer commanding the company will make an exact copy of the list in his pocket-book, specifying therein how he has distributed the stores, &c., by boats, and the name of the officer or serjeant in charge of each boat.

20. Mr. Meyer will also hand over to every officer commanding a company, rations complete for his men and voyageurs for 30 days, taking a receipt for the same; a list of these provisions to be also entered by the captain in his pocket-book. These provisions must be distributed throughout the boats, so that in each boat there will be 30 days' rations for every one in it.

21. Mr. Meyer will also hand over to every officer commanding a company, as much surplus supplies (about 2,000 lb. weight for each boat) as his boats can conveniently carry—Mr. Meyer to be the judge on this point—giving him an accurate list of the articles, which will be sent on with the stores when they are passed forward beyond the portage where the Company is to be temporarily stationed on the line of route. This list will be signed as correct, or otherwise, by all the officers commanding at the several portages when the stores pass through their posts; any article deficient to be noted on the list.

22. After the last detachment has left, the stores noted in the margin will be shipped with as little delay as possible at the rate of 15 tons a day. One, or, if possible, two days before the last 15 tons are to be despatched from Shebandowan Lake, Colonel McNeill will notify in writing, to all the posts in advance, stating when the last of the reserve stores will be sent through. He will send a written Memorandum with the last 15 tons, saying they are the last.

Barrels of flour.
Barrels of pork.
Bags of biscuits.
Chests of tea.
Barrels of sugar.
Bags of beans.
Tins of pepper.
Bags of salt.
Tins of potatoes.

Upon receipt of this information (which will be signed by the Officer Commanding each Detachment, and forwarded on to the next post) Officers Commanding at all posts on the line between Shebandowan and Fort Francis will proceed without delay to the latter place, taking on with them their boats and all their equipments, and the remains of the thirty days' provisions sent originally with them.

23. Upon reaching Fort Francis, they will complete their boats with 30 days' rations for all persons in them, and will embark such surplus stores as the Control Officer, Mr. Mellish, may indicate.

24. As soon as the detachment left at Bear Portage reaches Fort Francis, the 200 men of the 1st Battalion 60th Rifles, which had been stationed there during this movement, will start for the Rat Portage to work at it.

25. By these arrangements the last detachment (that left at Shebandowan Lake) will reach Fort Francis the day after the last 15 tons of the reserve supplies to be stored there reach that place.

26. The detachments from Fort Francis will severally start from thence as soon as relieved by the detachment coming up in rear.

27. Fresh instructions will be issued at Fort Francis with reference to the forward movement from that place.

28. In case of a man falling seriously ill, or being seriously injured whilst the troops are moving to their several stations, the Medical Officer with the detachment will decide whether the illness or injury is of such a nature as to prevent the man from proceeding further. If he pronounces the man as likely to be unfit for work for some time to come, he is to be left behind at the nearest portage where a detachment is to be stationed, in charge of a non-commissioned officer and one man, who will take their arms, accoutrements, &c., &c., with them. A week's provisions to be left for the three men. All Officers Commanding detachments passing by them to see that they have always that quantity in their possession.

As soon the detachment to be stationed at the portage where the sick man has been left arrives, he will be sent with the returning boats to the rear, to be forwarded on to the hospital at Fort William.

If there is no Medical Officer with the detachment, the sick man will be left behind in a similar manner until the arrival of a detachment having a doctor with it.

In both cases the non-commissioned officer and private left with the man will proceed on to join their company as soon as the man has been sent to the rear.

The Officer Commanding the 12th detachment, whilst *en route* between his post at the Kashaboiwe Portage and Fort Francis, will use his own discretion as to whether he will send serious cases of illness to the hospital at Fort William, or take them on with him to Fort Francis. If he can possibly do so he should send them to the former place.

29. Officers commanding detachments, from the time of their embarking at Shebandowan, will keep a journal of their route, entering the exact hour they start each morning, the hours they halt for meals and start again, the time they reach their halting place for the night, giving the name of the place, the state of the weather, whether they used oars or sails during the day, &c., &c. All irregularities committed by their men to be recorded. They will also state whether they found the fires made by the previous detachment still burning or not.

30. The officers commanding the several detachments posted at the portages will encamp their men in as compact order as possible on the end of the portage nearest to Fort

Francis, except when from the marshiness of the ground, or other peculiar causes, there are good reasons for departing from this order.

They will pile up their provisions close to the landing place, at the Fort Francis side of the portage, covering them over with the boat tarpaulins, and doing everything in their power to protect them from the weather.

The boats will remain on the Shebandowan side of the portage, every precaution being taken to secure them at night by their painters to the shore. When there is a good beach they should be hauled up for the night, being launched every morning.

31. Each detachment will have a guard, consisting of at least three men per company. They will mount with arms and accoutrements. Up to Fort Francis the arms for the other men will remain in their arm chests, unless when for special reasons the officers commanding detachments may consider it necessary for the men to keep their arms in the tents.

The arms, if kept in these arm chests, must be frequently inspected by the Captains of companies, to see that they are free from rust, and in good and serviceable order.

32. The greatest possible precautions to be taken to guard against the woods being set on fire.

The cooking places will be established as near the water as possible, and no other fires are to be allowed in the camp without the express permission of the officer commanding the detachment, who will assure himself, before giving such permission, that there is no danger to be apprehended.

When on the move, officers commanding companies will be held responsible that all fires are extinguished previous to leaving a camp.

33. As a rule, the reveille will sound at 3 A.M. every morning, and the boats will start as soon after that as possible, the men to have some hot tea before starting. The boats of each brigade must keep as near together as possible, the Captain with his Bugler being in the leading boat; the senior Subaltern and a Serjeant in the rear boat.

A halt of one hour will be made at 8 A.M. for breakfast; another halt of an hour at 1 p.m. for dinner. Officers commanding companies may, of course, depart a little from these hours for meals, but under no circumstances is more than an hour to be allowed for each meal. They will always halt for the night at least one full hour before dark, so that there may be ample time to establish the camp for the night. When on the move it is not advisable to pitch tents except when it rains or threatens to do so—even then the smallest possible number should be pitched.

34. When it is necessary to track the boats, the crew will be divided into two parties, each consisting of four or five soldiers and one voyageur. Serjeants are not to be employed in tracking.

These two parties to relieve one another every two hours. Officers and non-commissioned officers in charge of boats will see that the men returning to the boats after tracking, put on their serge frocks at once, which are not to be removed for at least half an hour afterwards.

35. All officers belonging to this Force will be most careful in impressing upon those under their command the great necessity there is for cultivating the good will of the Indians and others employed as voyageurs.

Colonel Wolseley will punish with the utmost severity any one who ill treats them.

The same rule applies to all Indians who may be met on the line of route.

It must be remembered that the Government has made a treaty with them securing the right of way through their country; all are therefore bound to protect them from injury, and it is of special importance that our intercourse with them should be of the most friendly nature.

No Indians but those actually attached to the Force are to be allowed to pass the night in our camps.

G. J. WOLSELEY, *Colonel,*
Commanding Expeditionary Force.

Inclosure 3 in No. 9.

Lieutenant-General the Honourable James Lindsay to His Excellency the Governor-General.

Sir,

Montreal, 23rd May, 1870.

I HAVE the honour to inform your Excellency that on Saturday, the 21st May, Colonel Wolseley left Collingwood for Thunder Bay with the greater part of the Red River Expeditionary Force, and that the remainder of the Regulars were to follow him to-day, 23rd May.

Eighty-eight horses, 46 teamsters, and 80 voyageurs accompanied this part of the force.

Four Companies of the 1st Battalion Militia had been provisionally sent to the Sault St. Marie under Lieutenant-Colonel Bolton, Deputy-Assistant Adjutant-General, upon the receipt of the news that the American Government had closed the Canal against Canadian ships for the purpose of forwarding stores across the portage and preserving them from attack.

The three remaining Companies of that Battalion will leave Toronto with 12 teamsters and 24 horses on Friday, the 27th May, or the following day.

The 2nd Battalion Militia will then go on in the regular trips of the "Algoma" and "Chicora," or in the "Prince Alfred" or "Rescue," together with the remainder of the horses and oxen.

It is hoped that the Force, men, stores, &c., will have left Collingwood by the 1st June.

At Thunder Bay a military post with hospital will be established, and a line of communication with Fort Francis will be opened.

The Force will then be passed through to Fort Francis (where another military will be established), beyond which it will not advance until sufficient supplies shall have been collected there to enable it to start with about 30 days' supplies in the boats, leaving a reserve of not less than 60 days at Fort Francis.

The forward movement will then be made to Fort Garry.

I enclose a copy of Colonel Wolseley's orders to his Force, which explains the general nature of the operations.

It is presumed that upon the Force reaching Fort Garry the Lieutenant-Governor will appear upon the scene; Colonel Wolseley will then be ready to give every assistance in his power to the Militia portion of his Force in laying in supplies for the winter, and arranging for housing the Canadian troops as comfortably as possible, &c. He will require authority, however, to incur the necessary expense, as already pointed out in my letters R. R. 30, R. R. 31 of 17th May, 1870.

Colonel Wolseley has my imperative orders to arrange for the regular part of the force to leave Fort Garry upon its return to Canada between the 20th August and 1st September. With this view I have desired him to make it a special point to instruct the Militia Staff and Control Officers in their duties.

Colonel Wolseley has also been instructed to take orders on all subjects from me only, but as he will be separated from me, I have, of course, left something to his discretion. On the subject of the return of the troops, however, I have given him no latitude whatever.

I have, &c.

JAMES LINDSAY,
Lieutenant-General Commanding.

No. 10.

The Colonial Office to the War Office.

Sir,

Downing Street, 9th June, 1870.

I AM directed by Earl Granville to transmit to you, for the information of Mr. Secretary Cardwell, extracts of a despatch from the Governor-General of Canada, relating to the Expeditionary Force proceeding to Fort Garry.

I am, &c.

FREDERIC ROGERS.

Inclosure in No. 10.

EXTRACT of a Despatch from Sir J. Young to Earl Granville, dated Ottawa, 19th May, 1870. No. 97.

"4. COLONEL WOLSELEY, who is to command the Expedition, leaves Toronto with Her Majesty's Troops on the 20th instant, and they go on as quickly as possible to Fort William, at the head of Lake Superior.

"I telegraphed to him yesterday to send me, for your Lordship's information, a short statement of his probable movements. He replied as follows:—

"'There are 200 of the 1st Battalion of Volunteers, and the gunboat 'Rescue,' at the Sault.

"'All the Regular Troops will be at Fort William on the 26th of May; a post will be formed there, and fortified.

"'It is hoped that all the Volunteers and stores will have reached Fort William by the 10th June.

"'Expect to reach Fort Garry with entire force about 1st August, and to leave with Regulars between 20th and 25th August, so as to reach Toronto by 1st of October.'

"I also send a copy of the orders which he has issued.*

"A temporary difficulty occurred in consequence of the stoppage by the American Authorities of the steamer "Chicora" at the Sault St. Marie Canal, which runs through American territory, connecting Lake Huron with Lake Superior. She had no warlike

* Inclosure 2 in No. 9.

“ stores whatever on board, the Canadian Government having from the very first decided not to attempt the sending of any such stores, much less of troops, through this canal. At the request of my Ministers, therefore, I addressed a representation to Her Majesty’s Minister at Washington, and I am happy to be able to report that the United States Government has very promptly sent instructions to allow the “Chicora” and vessels of the same class to pass through the canal.

“ 5. I have placed the services of Lieutenant-Colonel McNeill, V.C., my Military Secretary, at the disposal of General Lindsay, for the Expedition. He will report fully to me as occasion offers along the route, and I shall forward his reports to your Lordship for your information.”

No. 11.

The War Office to Lieutenant-General the Honourable James Lindsay.

Sir,

11th June, 1870.

I HAVE laid before Mr. Secretary Cardwell your letter of the 27th ultimo enclosing copies of a correspondence which had passed between yourself and the Governor-General of Canada, on the subject of sending a Military Expedition to Red River, and detailing the measures which you had taken for organizing and preparing the Expedition.

Mr. Cardwell observes that you have not had time to make the communication to him as to the probable estimate of the expenditure connected with this Expedition, which, as stated in my letter to you of the 5th ultimo,* he would expect to receive by post.

I am, &c.

EDWARD LUGARD.

No. 12.

The War Office to Lieutenant-General the Honourable James Lindsay.

Sir,

22nd June, 1870.

I AM directed by Mr. Secretary Cardwell to state to you that he has received with satisfaction the full and detailed accounts which your despatches by the last mail give of the arrangements made by you, in conjunction with the Government of the Dominion of Canada, for the conduct of the expedition to Fort Garry. These arrangements seem to Mr. Cardwell to be judicious, and well calculated to meet the difficulties which necessarily attend such an expedition.

By a telegraphic message Mr. Cardwell authorized you to retain the Rifle Brigade in Canada until the close of the autumn, in consequence of the increased force which you had thought it expedient to detach for the expedition, and the possibility that the discomfited Fenians might direct some effort against some portion of the expedition, and render it desirable for you to have a larger force of regulars left at your command than would have been the case if the original intention, with respect to that battalion, had been persevered in.

The Secretary of State does not anticipate that any other expense will have been caused by this change than that to which reference was made in my despatch of the 16th instant,† directing you to exercise your discretion in filling up the “Crocodile” as far as possible.

I am, &c.

EDWARD LUGARD.

No. 13.

Lieutenant-General the Honourable James Lindsay to the War Office.

Head-Quarters,

Sir,

Montreal, 3rd June, 1870.

I HAVE the honour to enclose you a copy of a letter that I addressed to His Excellency the Governor-General, on the subject of the division of expenses of the Red River Expedition between the Imperial and Canadian Governments.

* No. 7.

† Not printed.

The first object of this letter is to lay down what expenses should be shared between the two Governments in certain proportions, and the second to get a statement in detail of all such expenses already incurred by Canada.

I have not said anything to the Governor-General as to the charges consequent on the Command and Administration of the force.

The expenses under these heads will be small only, and should, I submit, be borne by the Imperial Government, who have assumed through me the responsibility for the safety of the expedition.

If there is any delay in giving me the statement, I shall send a Control Officer to Ottawa to get it, and go there myself to hasten matters.

On its receipt I shall furnish you with an approximate estimate of the funds required from Parliament.

I understand that it is decided that the Imperial Government will pay one-fourth of the General Expenses.

I infer this not only from the despatches between the Secretary of State for the Colonies and His Excellency the Governor-General, but from the proportion which the Regulars bear to the Militia.

In arriving at this proportion, the 140 additional Regulars must count with the Militia, for the Canadian Government has engaged to pay all their extra expenses.

I have, &c.

JAS. LINDSAY, *Lieutenant-General,*
Commanding Ontario and Quebec

Inclosure 1 in No. 13.

Lieutenant-General the Honourable James Lindsay to His Excellency the Governor-General.

Sir,

Montreal, 21st May, 1870.

I HAVE the honour to draw your attention to the necessity of coming to an early understanding as to the division of the expenses of the Expedition to the Red River Settlement between the Imperial and Canadian Government.

I understand that the Imperial Government has agreed to meet the expense entailed by 250 Regulars joining the Expedition, and the Secretary of State for War has sanctioned the employment of 140 additional Regulars in lieu of an equivalent number of Militia, provided that all extra expenses of more than 250 Regulars shall be borne by Canada.

There is a certain class of expenses which can be kept entirely separate without difficulty, such as pay, personal equipment for men (see inclosure A), and field allowance for Officers.

These expenses would, in the case of Regulars, fall at once on Army funds, those applying to the 250 Regulars remaining chargeable thereto, while any extra expense on this account for the 140 additional Regulars would be recovered from Canada.

In the case of Militia these expenses would fall at once on Canada, and remain chargeable to her.

But the general expenses will have to be brought into one statement, in order that the expenditure may be hereafter adjusted according to the proportion which may be agreed upon between the two Governments.

It is first necessary, however, to decide what expenses should be admitted in this "Red River Expedition General Account," and it is desirable to do so at once, as I see that the funds provided by the Canadian House of Commons "for opening communication with, establishing a Government in, and providing for the settlement of Manitobah," are included with those granted for the Expedition in one sum.

The expenses attending the transportation of the Expedition are therefore necessarily mixed up with those for opening up the new province.

I apprehend that it is perfectly clear that the making, improving, and keeping in order, the roads and portages, under Mr. Dawson, are expenses which are not chargeable to the Military Expedition, but form part of the system of communication which is to connect the provinces, in order that the Dominion may be independent of the route through the United States.

The expenses, however, entailed by providing, placing, and maintaining land and inland water transport for the Expedition on the route, in full working order throughout the summer, or until the Regulars shall have returned to Thunder Bay, appears to me to be in a great measure, but not altogether, chargeable to the Expedition, because the value of this transport at the conclusion of the Expedition will have to be taken into account.

As regards the supplies, stores and "matériel," and "personnel" for transport for the expedition, the arrangement which I understand to be in force is as follows:—

The Dominion Government will in the first instance pay—

1st. For all which has been obtained by their agents, including cost of carriage to Collingwood.

2nd. For the steamers hired by them on Lakes Huron and Superior.

3rd. The pay of voyageurs and teamsters until arrival at Thunder Bay.

The Control Department will in the first instance pay for all supplies, &c., obtained by it, including carriage.

All further supplies, &c., are to be obtained by the Control Department, which also provides all stores and equipments for the expedition, except personal equipment of the Militia.

The further arrangements which I propose are, that—

1st. To avoid a broken period the Control Department will not commence to pay the teamsters and voyageurs until the 1st June next.

2nd. The Control Department will in the first instance pay all claims on account of the expedition, while at the Sault St. Marie, at Thunder Bay, along the route to and at Fort Garry, until the Regular Troops leave Fort Garry—say until the 30th September next.

From this will of course be excepted any *money payment* to the Militia, and to Mr. Dawson, and the workmen employed under him,

3rd. The Control Department will further make all payments on account of that part of the expedition which does not remain at Fort Garry until the expedition terminates.

4th. The Control Department will make advances from the Treasury chest to the Agents of the Dominion Government at Thunder Bay and Fort Garry, until the Regular Troops leave the last of those places, should you now signify to me that the Dominion Government wish this to be done.

I desire therefore to be made acquainted with the views of the Canadian Government on this subject; and by way of bringing under view the whole of the expenses, which will become the subject of adjustment afterwards, I request to be furnished with a detailed tabular statement as soon as possible up to the 31st May, of the expenditure incurred up to that date by the Dominion Government on account of the expedition.

I will inform you in the same way what expenses have been incurred by the Control Department.

I bring this subject before your Excellency in order that a principle may be arrived at on which a further adjustment may be made, and that I may be able to furnish the Secretary of State for War as soon as possible with an approximate estimate of the charge which will fall upon the Imperial Government.

It is essential that I should do this while the Imperial Parliament is sitting.

I have, &c.

JAMES LINDSAY, *Lieut.-Gen. Commanding.*

Enclosure 2 in No. 13.

A.

EQUIPMENT, RED RIVER.

The following articles will be considered personal equipment:—

Arms and Accoutrements.

One short Snider Enfield rifle with sword bayonet and accoutrements complete, and 60 rounds service ammunition.

Personal Equipment.

1 knapsack.	1 great coat.
1 haversack.	1 forage cap with white covering and peak front and rear.
1 water bottle.	1 pair of ankle boots.
1 tin plate.	1 pair of beef boots.
1 mug.	1 serge blouse.
2 blankets.	1 pair serge trousers.
1 waterproof sheet.	1 musquito net.
1 tunic.	1 clasp knife.
1 pair of trousers.	

Kit.

1 cholera belt.	1 holdall.
1 linen bandage.	1 brush for each man, of different kinds.
2 flannel shirts.	1 comb.
2 pairs of socks.	1 piece of soap.
1 pair of braces.	2 darning needles.
2 linen shirts.	1 hank of thread.
1 knife, fork, and spoon.	2 ordinary needles.

Additional for Winter.

1 tunic and pair of cloth trousers.	2 knitted under shirts.
1 seal-skin cap.	2 pairs knitted drawers.
1 pair mits.	1 muffler.

No. 14.

War Office to the Colonial Office.

Sir,

21st June, 1870.

I AM directed by Mr. Secretary Cardwell to transmit, for the information of Earl Granville, the accompanying copy of a despatch, with its inclosure, which has been addressed to this office by Lieutenant-General the Honourable James Lindsay, on the subject of the division, between the Imperial and Canadian Governments, of expenses of the Red River Expedition.

Mr. Cardwell considers it important that he should be informed, before the Session closes, of the exact state of the expenditure on this account, and that while the detailed particulars will no doubt be transmitted to this office by General Lindsay, he is desirous to know whether he may proceed upon the assumption that the arrangement on which the Expedition has been sanctioned by Earl Granville is, that the expense of 250 regular troops only shall be a charge on the Imperial Exchequer, and that there will be no advance expected from the Military Chest for the expenditure of the Forces of the Dominions.

I am, &c.

EDWARD LUGARD.

No. 15.

The Colonial Office to the War Office.

Sir,

Downing Street, 23rd June, 1870.

I AM directed by Earl Granville to acknowledge your letter of the 21st of June, requesting to be informed whether Mr. Cardwell may proceed on the assumption that the arrangement on which the expedition to the Red River has been sanctioned by Lord Granville is, that the expense of 250 regular troops only is to be a charge on the Imperial Exchequer, and that there will be no advance expected from the Military Chest for the expenditure of the Forces of the Dominion.

I am to state that according to Lord Granville's construction of the correspondence which has passed between the Imperial and Canadian Governments, the Imperial expenditure is to be limited to the cost of 250 British Troops; and that he has never held out to the Canadian Government any expectation of advances from the Military Chest.

As, however, the language of the telegrams leaves an opening for argument, it may be well to explain the state of the correspondence for General Lindsay's information.

The force originally proposed was not more than 1,000 men. A confidential minute of the Canadian Privy Council, which reached the Secretary of State on the 2nd of March, stated that it was believed "that a force of 1,000 men of all arms would be more than sufficient."

On the 11th of April, Sir John Young proposed, by telegraph, that Canada should pay "a reasonable proportion, say three-fourths of the Expedition," of this force (presumably not more than 1,000 men).

On the 20th of April, Lord Granville telegraphed the condition that "Her Majesty's Government should pay only the expense of British Troops not exceeding 250" (*i.e.* one-fourth of 1,000 men), and Canadian Government the "rest, not sending less than 500 men."

On the 28th of April, Sir J. Young telegraphed that 390 of the Troops should be British Regulars, and that "Canadian Ministry agreed to this, and "still engaged to pay three-fourths of Expedition."

And General Lindsay telegraphed at the same time to the War Office that he had "arranged with the Canadian Government that all extra expenses of "more than 250 Regulars shall be borne by Canada."

Afterwards the number of the expedition was raised above 1,000, so that three-fourths of it would be more than 350.

Lord Granville considers that Sir John Young's telegram of the 28th of April was intended as a request that the composition of force should be altered, coupled with an engagement that this alteration should not impose on Her Majesty's Government any increase of pecuniary liability beyond the expense accepted by him of 250 men. And it is plain that this was also General Lindsay's understanding. He anticipates that it will be found to be that this is also the view of the Canadian Government, who could not have intended, while appearing to limit the responsibility of the Home Government, to give themselves in effect an indefinite power of increasing it by augmenting their own force.

Lord Granville will send a copy of this correspondence to Sir John Young.

I am, &c.

FREDERIC ROGERS.

No. 16.

The War Office to Lieutenant-General the Honourable James Lindsay.

Sir,

23rd June, 1870.

I AM directed by Mr. Secretary Cardwell to acknowledge the receipt of your letter of the 3rd instant, enclosing the copy of one which you had addressed to the Governor-General, on the subject of the division of expenses of the Red River Expedition between the Imperial and Canadian Governments, and stating that so soon as you received the information therein asked for, you would furnish the Secretary of State with an approximate estimate of the funds required from Parliament. In reply, I am desired by Mr. Cardwell to state that he communicated your letter and its enclosures to the Secretary of State for the Colonies, and has received from him the answer, which I enclose, and from which you will learn the view of Her Majesty's Government as to the agreement between the Imperial Government and the Government of the Dominion, as regards the expenses of the Expedition.

I am desired by Mr. Cardwell to request that, if the estimate to which you refer has not been already dispatched, you will forward it at the earliest possible opportunity.

The form must be that adopted for the annual estimates, under the heads applicable to this service; covering the whole cost of the expedition from its commencement to the period at which the extraordinary charges may be expected to cease. The proper proportion of the expenditure should, as far as may be practicable, be ascertained in Canada in communication with the Colonial authorities, in order that it may be known as accurately as possible what amount will have to be provided from Imperial resources.

You will be so good also as to transmit by the earliest opportunity, if not already transmitted, an abstract of actual expenditure, Colonial and Imperial, to the end of May, and, so long as the joint expedition lasts, you will transmit a similar abstract monthly, by the earliest opportunity after the last day of each succeeding month.

I am to add that it would be desirable that arrangements should be made by which the monthly statements of expenditure should be seen by an Officer on behalf of the Colonial Government, and their accuracy confirmed by him, in order that when the final settlement is made, there may be no questions in dispute on matters of fact.

I am, &c.

EDWARD LUGARD.

No. 17.

Lieutenant-General the Honourable James Lindsay to the War Office.

Sir,

Head-Quarters, Montreal, 10th June, 1870.

REFERRING to my letter, E 2,448, of 27th May, I have the honour to enclose you a copy of a further Report which I have addressed to his

Excellency the Governor-General, respecting the progress of the Red River Expedition.

I have, &c.
JAS. LINDSAY, *Lieutenant-General,*
Commanding Ontario and Quebec.

Inclosure 1 in No. 17.

Lieutenant-General the Honourable James Lindsay to His Excellency the Governor-General.

Sir, *Montreal, 7th June, 1870.*

REFERRING to my Report, R. R. 40, of 23rd May, 1870, I have now the honour to inform your Excellency that Colonel Wolseley arrived at Sault St. Marie on Monday, 23rd May.

He reports that the United States garrison there consists of 250 men, and that our Officers and the United States Army Officers are on the most cordial terms.

The position of our Camp, though low, is otherwise favourable, and very strong.

The impression there is that an attempt will be made by Fenians to destroy some of our vessels on Lake Superior, and as a precautionary measure, a guard is put upon every vessel, and half the men are accoutred at night.

Colonel Wolseley reached Thunder Bay on the 25th May.

He reports the camping ground as limited, but dry. A recent fire had caused very great damage, and as some of the smaller bridges had been burnt, some delay would be occasioned.

The steamers have to anchor 400 yards from the Wharf. A good scow had been built on the spot for landing stores and horses. The weather was fine.

I now inclose a copy of the last Report received from Colonel Wolseley, dated 27th May, at Prince Arthur's Landing, which gives a very complete account of the road to Shebandowan. Also a copy of a telegram received from him this day, and dated Prince Arthur's Landing, 1st June.

From Lieutenant-Colonel Bolton, D. A. A. G., who is at Sault St. Marie, I have several Reports.

It was on the 19th May that the Officer Commanding the United States troops at Fort Brady informed him that the Canal was open to the passage of vessels on certain conditions.

On the 24th May much delay and inconvenience resulted from the proceedings of the Captain of the "Francis Smith," and the correspondence on that subject is enclosed.

This failure of the "Francis Smith" to fulfil her engagement necessitated the despatch of an agent to other points to try and hire a vessel in her place.

On the 28th May the United States Commanding Officer declined to allow the "Prince Alfred" to pass through the Canal, though she had been disarmed.

On the same day Lieutenant-Colonel Bolton reports a case of scarlet fever in camp, but otherwise all well.

Colonel Fielden, 60th Rifles, who is in command at Toronto, completing the arrangements there, reports under date 29th May :—

"The Ontario Battalion has made great progress, and is complete in numbers. Its men have begun to practice with ball.

"The Quebec Battalion does not fill. Four men have volunteered to it from the "Corps at the Sault."

His latest Reports are dated 1st and 5th June. I inclose a copy of them.

From these documents your Excellency will learn that in the course of the present week Colonel Fielden, with the last part of the men, supplies, stores, horses, boats, &c., will leave Collingwood for Prince Arthur's Landing on Thunder Bay.

I beg, however, to draw very particular attention to what Colonel Fielden says respecting the want of voyageurs.

I have, &c.
JAS. LINDSAY,
Lieutenant-General Commanding.

Inclosure 2 in No. 17.

Prince Arthur's Landing, Thunder Bay,
Friday, 27th May, 1870.

- YESTERDAY morning I started off on horseback along the road in company with Mr. Russell, the engineer, who has been employed upon it all the spring. The following will describe what I saw :—

One mile from the bay there is a bad sandy hill with steep gradient, and so deep that it is very hard upon horses. It is part of the old road, which was badly laid out as far as I can judge.

A road is now being made round it which will be a great improvement; it is at present the only really bad pitch on the 31 miles that I inspected between the bay and the Kaministiquia River (called 21½ miles, but in my opinion at least 23 miles). The road is very fair as a clay or sand road; there are no bad places wherever it passes through swamps; it has been ditched and fascined. There are four settlers on this section who have begun clearances for farms on ground that has been burnt over many years ago, and over which fire has evidently passed several times since. The fire which raged through these woods for three days last week has done a great deal of harm to the road, it burnt the greater number of the culverts and small bridges. All these have been repaired since so as to be passable for teams, and although as a permanent work they are poor affairs they will answer our purpose very well. The most serious damage done has been where the road has been cut out along the hill sides, where the made portions have fallen in from the crib work being burnt through.

The fire has in many places gone right through the fascines and corduroy work on the raised parts of the road where it runs through low ground; all this damage has now been temporarily repaired in such a manner that wagons have been going over it yesterday and to-day. The bridge over the Kaministiquia River is a very good one about 360 feet long; river unfordable. From thence to the bridge over the Matawin River (about five miles), the road is of a different character, being only made wide enough for one wagon. It is in some places still rough but it is quite practicable for any wagon. Beyond the Matawin, for the five or six miles that I went, the road is in some places very bad, but they are at work upon it, and when the bad places have been corduroyed over (which they will be within three or four days) all wagons can go over it easily. At present ox wagons go over it to within four miles of where the boats are to be launched. A creek of about 70 feet in width has yet to be bridged over there, upon which work will be begun to-morrow or Monday. Altogether the road is better than I expected, although somewhat longer, for instead of being 40 it is certainly 45 or 46 miles long. To-morrow morning I intend starting off two companies of 60th. One to be stationed at the bridge over Kaministiquia River, where I am going to establish a dépôt of provisions, moving on all my stuff there, or at least as much of it as I can until all the road is ready for traffic. The other company I intend stationing at a lake 15 miles from here. Both these companies are to work on the road. I am starting off one or two boats to-morrow as an experiment; those I am going to send on to Matawin Bridge, where I shall land them to prevent fire. There is no clearance there, so I dare not make any large collection of stores there. At Kaministiquia Bridge there is a large safe clearance where I can collect any quantity of stores in safety. Fire is a serious element that must come into all our calculations.

All the men are busy from morning until evening at fatigue labour, unloading the boats and stacking away the provisions, &c., so I shall not be able to begin my stockade work at present. I hope the weather which is still lovely may continue so until all the stores are landed, for with a wind blowing on shore the captains of these steamers are afraid of coming in near the shore, and even the tug fellow is in a funk about his "bottom," for a regular sea sets in sometimes which bumps the boats about.

Mr. Simpson, M.P., started to-day for Fort Francis, in a canoe with five Indians, where he is to make a treaty for right of way with the Indians. A man whose name I forget was sent there overland during the winter by the Ottawa Government, to open negotiations with these Indians, so I expect that Simpson will find everything cut and dry for him. Hopkins was quite wrong about the number of Indian voyageurs we can get here; he said we might get 20 or 30. Mr. McIntyre says he will send off at once and get us about 100 *first-class men* to act as pilots. Simpson's crew return at once from Fort Francis, so he sends me back by them all the news he can regarding the state of affairs there and beyond. Money tells me that he had the most dreadful work with the captain of "Francis Smith," he was drunk all the time and would interfere with him in loading the bullocks and horses; the consequence was that two horses had been badly gored by the bullocks. I am sending you an official asking for a veterinary to be sent here, as there are some horses *hors de combat* from kicks and colds. I daresay that I could allow him to return in the course of a month.

I am, &c.

G. WOLSELEY.

Inclosure 3 in No. 17.

Telegram from Colonel Wolseley to Lieutenant-General the Honourable James Lindsay.

Dated Prince Arthur's Landing, 1st June, 1870.

TEN more wagons, besides those already supplied, are urgently required, as carts are of little use. Propeller "Clematis" arrived 4 p.m. on the 31st with Royal Artillery and Royal Engineers, four guns and ammunition and half Company 60th. Propeller "Amora" arrived this morning at 9.30, with one Company and a half of 60th, all well. Weather very hot.

G. J. WOLSELEY.

Enclosure 4 in No. 17.

Lieutenant-Colonel Bolton to Lieutenant-General the Honourable James Lindsay.

Sir,

Camp Sault St. Marie, 20th May, 1870.

I HAVE the honour to report to you, for the information of the Lieutenant-General, that the steamer "Francis Smith" arrived here this afternoon, troops, &c., as per margin.

The officer in command, Major Robertson, 1st Battalion 60th Rifles, reported to me that the delay in his arrival had arisen from the drunkenness of the master of the vessel; that they had been in considerable danger.

It is said the ship's compasses were out of order.

There were only two small boats on board, no life-preserving belts, and no means of lowering even what boats they had.

I had an interview with the Captain, who declined proceeding to Fort William. I wrote to him on the subject (copy of a letter attached, and received a reply, copy attached).

As I was informed that it was considered important that the 60th should not remain at the Sault, I shall embark half in the "Algoma" and half in the "Brooklyn," although these vessels were intended to take the troops and stores which are due here to-morrow (25th) in the "Prince Alfred," and I have instructed Deputy-Assistant Commissary-General Fuller to try to hire a steamer on Lake Superior to take on the cargo of the "Francis Smith" and of the "Prince Alfred."

I have reported these events to Colonel Wolseley, and in a private letter to Colonel Cumberland.

The Captain of the "Francis Smith" had his clearance for Fort William, and he showed me a telegram received from Colonel Cumberland, which he declared to be his only instructions.

I have, &c.

W. F. BOLTON, *Lieut.-Col., D. A. A. G.,*
Commanding Detachment Troops, Sault St. Marie.

1st Bn. 60th Rifles:
1 Field Officer.
1 Captain.
7 Subalterns.
4 Staff.
16 Serjeants.
10 Corporals.
7 Buglers.
164 Privates.

Commissariat Staff
Corps:
1 Serjeant.
2 Corporals.
8 Privates.

Army Medical Corps:
1 Serjeant.
3 Privates.

Departmental Staff:
5 Officers.

Total 230 of all Ranks,
and
39 Horses.
26 Teamsters.

Inclosure 5 in No. 17.

Lieutenant-Colonel Bolton to Captain of the "Francis Smith."

Sir,

Camp Sault de St. Marie, 24th May, 1870.

WITH reference to our conversation in the office on board your steamer the "Francis Smith" this afternoon, I have to request that you will proceed to Fort William, first disembarking the troops, &c., and passing the canal to-morrow morning, then placing your vessel at the Lake Superior end of the Sault Portage, where the "Algoma" is lying, when I will re-embark the troops and equipage.

I request that you will acknowledge the receipt of this letter, stating what you intended to do, or not to do. You can be furnished with an experienced pilot here, and I request your authority to place one on board (in writing).

I have, &c.

W. F. BOLTON, *Lieut.-Col., D. A. A. G.,*
Commanding Troops, Sault de St. Marie.

Inclosure 6 in No. 17.

Captain of the "Francis Smith" to Lieutenant-Colonel Bolton.

Sir,

Sault St. Marie, 24th May, 1870.

NOT having received any instructions before my departure from Collingwood to proceed beyond the "Sault," I did not effect insurance upon the "Francis Smith" for Lake Superior, and the insurance now held on the "Francis Smith" only covers as far as this point, consequently I could not think of proceeding to Fort William without a special guarantee of 65,000 dollars, and also a stipulated amount for conveyance. In the event of your not complying with my request within two hours, I shall charge for the "Francis Smith" at the rate of 500 dollars for every twenty-four hours after 10 P.M. to night. Also, should you decide to disembark the troops here and the freight, I require that you should certify my manifest for conveyance of some to the Sault, otherwise I must hold the freight subject to regular charges on freight and passengers.

I beg to thank you for your kindness in offering to furnish me with an experienced pilot, and shall be most happy to accept of his services should you and I come to an understanding.

I have, &c.

W. H. SMITH, *Master.*

Inclosure 7 in No. 17.

Colonel Fielden to the Deputy Adjutant-General, Montreal.

Sir,

Toronto, 1st June, 1870.

I HAVE the honour to report for the information of the Lieutenant-General Commanding that I went yesterday morning to Collingwood with three Companies and Head-Quarters of the Ontario Rifles, and three Companies of the Quebec Rifles.

On arrival they immediately embarked on board the "Chicora" and "Prince Alfred." The "Chicora," in addition to 224 officers and men, took 40 horses, and a considerable quantity of provisions direct to Thunder Bay, and 14 Boats.

A weak Company of the Quebec Battalion went on board the "Chicora," and I recommended (by letter) to Lieutenant-Colonel Bolton that he should send forward a Company of the Ontario Battalion with its own Head-Quarters from the Sault, retaining instead the Company of Quebec Rifles.

The "Algoma" will sail on Saturday with Head-Quarters and about 114 officers and men of the Quebec Battalion, about 60 voyageurs, 28 horses and oxen, with boat and freight.

By the boat of the following week I propose to take the remaining Company of the Quebec Battalion (and as many recruits as we may be able to obtain within the time), about 5 horses, 10 oxen, and some barrels of biscuits, with boats, if any remain still at Collingwood.

I cannot ascertain if additional boats or provisions are to be sent here from Quebec or Montreal, but suppose that all have already arrived.

The men embarked in excellent order yesterday; those remaining here are making fair progress.

They have commenced target practice.

The order for mosquito nets for the Volunteers has been received, and will be put in force at once, though the difficulty of additional charges has arisen, the makers saying that the quantity of material now required cannot be procured at the original price.

Surgeon Nelson, of the French Volunteer Battalion, I have informed Lieutenant-Colonel Williams, 60th Rifles, will be available till Saturday to attend to the Hospital of the 60th Rifles, on which date it will be easy to provide civil attendance both for the remaining Companies of Volunteers and the Detachment 60th Rifles if necessary.

In the ranks of the Ontario Rifles are several medical men holding diploma, and in regular practice in their own districts. One of these was appointed to take medical charge of the men in the "Chicora," a second I attached to the French Companies in the "Prince Alfred."

I have, &c.

R. F. FIELDEN, *Colonel,*
1st Bn. 60th Rifles.

Inclosure 8 in No. 17.

Colonel Fielden to the Deputy Adjutant-General, Montreal.

Sir,

Toronto, 5th June, 1870.

I HAVE the honour to report for the information of the Lieut.-General Commanding that the "Algoma" left Collingwood yesterday at 4 o'clock P.M., with the following:—viz., Head-Quarters and 120 officers and men of the Quebec Battalion, 62 voyageurs, 26 horses and oxen, 12 boats, and a large quantity of provisions for the expeditionary force.

The "Rescue" left the day before yesterday, with a barge in tow having a large quantity of hay on board.

The men of the Quebec Battalion behaved well. I did not notice any irregularity or drunkenness whatever, and the Officers were very attentive to their duties, from their leaving the Crystal Palace to the time of the companies being embarked on board the "Algoma."

I have every reason now to believe that this Battalion will be complete in numbers before I leave with the last two companies next Friday, as is my present intention.

And unless something very unforeseen should occur, the whole of the material for the expedition will have left Collingwood for Thunder Bay, Fort William, when the "Chicora" gets under weigh on Friday, the 10th instant.

It is to be hoped that the voyageurs will be in time for the next boat. A considerable number are still called for.

Veterinary-Surgeon Tozer reported himself this day. He was unable to arrive yesterday in time for the "Algoma."

Captain Dundas and Lieutenant Buller of the 1st Battalion 60th also proceeded in "Algoma."

It will I fear be impossible for me to obtain the services of a medical officer for the party to leave by the "Chicora," nor do I find any among the men of the Quebec battalion who have any knowledge of physic. I should be glad, therefore, if I may be furnished by return of post with a list of such medicines as might be possibly required during the short voyage.

I expect to have 100 men and 6 officers with me; should I not receive such a list on Thursday morning, I will apply to the civil practitioner now looking after the troops in this place.

I have, &c.

R. F. FIELDEN, *Colonel,*
1st Bn. 60th Rifles.

No. 18.

Lieutenant-General the Hon. James Lindsay to the Secretary of State for War.

Sir,

Montreal, 1st July, 1870.

IN continuation of the inclosure of my letter E 2464, of 10th June, 1870, I have now the honour to submit a copy of a report that I have addressed to His Excellency the Governor-General, respecting the progress of the Red River Expedition.

I have, &c.

JAS. LINDSAY, *Lieut.-General,*
Commanding Ontario and Quebec.

Inclosure in No. 18.

The Military Secretary to his Excellency the Governor-General.

Sir,

Montreal, 29th June, 1870.

1. SINCE the Lieut.-General Commanding addressed his Report R. R. 55 of 7th June, to his Excellency the Governor-General, respecting the progress of the Red River Expedition, Colonel Wolseley has reported the arrival, at Prince Arthur's Landing, of the whole of the troops, supplies, stores, and transport, with the exception of two companies of the Quebec Rifles, which left the Sault under Lieut.-Colonel Bolton, to join him on the 19th June, clearing out that point entirely.

2. The Lake Transport Service was considerably delayed by the failure of the "Francis Smith" to fulfil her engagement; and, had not Lieut.-Colonel Bolton taken the most energetic measures to replace her, by hiring steamers on Lake Superior, the expedition would have come to a standstill.

3. Since Colonel Wolseley returned from his first reconnoissance of the road—reported to you in R. R. 55—his troops have been employed in landing stores, opening communications and drains in camp, building a magazine with a wharf near it, constructing a palisaded redoubt 25 feet by 15 feet for protection after the expedition shall have moved forward, gun and rifle practice, learning to row, and the use of the Army Signal System.

On the 28th May, the day after their arrival, 2 companies of the 60th were detached towards the Kaministiquia Bridge to work on the road, and a third company followed on the 2nd June. Of these 1 company was ordered on the 16th June to go 2½ miles beyond the Oskondigee Creek to work on the road.

4. On the 2nd June the first line of wagons (5) with supplies started. The first line of wagons with boats started on the 3rd. Twenty-eight boats in all have been sent by road and two of them have been badly damaged by careless driving.

5. The weather up to the 4th June was very hot and fine; under these circumstances there is great danger from fire, the very ground appearing to burst unaccountably into flame.

The fine weather was succeeded by a week of rain and storm; and on the 6th June 12 boats broke from their moorings in Thunder Bay and came ashore, one was badly injured.

6. The health and spirits of the troops are very good, and the rations are excellent.

7. The personal equipment of the Militia is still incomplete. They have only one pair of trousers each, and those very thick ones.

Their free kit boots, issued by the Canadian Government, have turned out badly, and the men are discontented at being made to pay for the boots from Army Stores sent up

to replace them. This question has already been represented to the Militia Department and calls for immediate action.

8. Colonel Wolseley's attention has been principally engaged by the road to Shebandowan, and his means of transport for his supplies and boats to that point.

His Excellency will be able to form an opinion as to the state of the road from the following extracts of Reports of recent reconnoissances made of it, and from the tracing which accompanies this Report.

Colonel Wolseley, writing on the 9th June, says:—"I started from camp on Monday morning, 6th, at 4:30 A.M., to ride along the road as far as I could. It poured with rain all Monday, Tuesday, and yesterday, up to about 4 P.M. At the present moment the road may be said to end at the Oskondigee Creek, 75 feet wide. It is still unbridged, but a gang of men reached there on Monday evening to construct a bridge, which will not take long, although there is difficulty about timber, as the fire has not only destroyed all that had been prepared for it during the winter, but also all the large trees in the neighbourhood. For the last eight or nine miles before reaching that creek the road is only a track, and is impassable for loaded wagons in wet weather. My horse was tired out in going over it at a walk. Strong gangs of men are now working at it; and I think that by the 25th inst. it will be open for traffic. Wherever it is corduroyed it is good; but wherever the road passes over simple marl or clay it is hopelessly bad during such weather as we had for the last three days.

"Assistant Controller Irvine was with me, and we camped for the night on the bank of the Oskondigee, which they call 37 miles from this place, but which is really, I am sure, a good 40 miles. On Tuesday we crossed the Creek on a temporary raft. I walked on to a hill from whence I could obtain a *peep* beyond; but as the road was only an execrable track after it had gone about a mile from the Creek, I halted, but sent Assistant Controller Irvine on. He got on about 2½ or 3 miles when the track became so bad and swampy that he turned back. It is cut up to the 'Dam site.' A strong gang has now been turned on to it, and I hope it will be passable for wagons by the time we require it."

Lieutenant-Colonel McNeill, reporting to Colonel Wolseley on the 16th June, says:—

"Left the camp at 4:30 A.M. on the 14th June, and proceeded to the bridge over the Oskondigee Creek, arriving there about 5 P.M. Walked to camp, about a mile further on, and ordered a canoe to be at the 'Dam site' the next morning.

"15th, walked to the 'Dam site,' and embarked at 10 A.M. Poled up five short rapids, and tracked up one rapid, reaching the point on the lake to which the road will eventually be brought at 11 A.M. At this place there is a fair camping ground. Immediately to the right, on entering the Lake, there is a Sandy Bay, and on the bank there is a favourable position for forming a *dépôt* of stores. The distance from the Oskondigee Creek to the 'Dam site' is 5½ miles; of this rather more than 4 miles have been cleared of timber, and a rough wagon-road formed. The remaining mile has not yet been touched. The distance from the 'Dam site' to the Lake is 3 miles, and no portion of this has yet been cleared. It will require at least one week's labour to complete a fair wagon-road from the Oskondigee Creek to the 'Dam site.' I started from the Creek at 6 P.M., and reached the camp at Thunder Bay at about 1 o'clock the next morning, the distance being about 38 miles. The whole line of road has suffered much from the recent heavy rains. Between the Matawin and Oskondigee Creek there are 2 miles in one place and about 1 in another that are almost impassable, and it will be at least a week or ten days before horse transport can be employed on this part of the line. Between the Kaministiquia and Matawin Rivers there are two or three bad places, amounting in all, in distance, to about a mile and a half."

9. With regard to the transport, the carts provided are useless for carrying supplies, and are only suited for work about the camp.

To replace them, in part, 10 wagons have been sent up by Lieutenant-Colonel Wily. Some farmers' wagons, with teams and drivers complete, have also been hired by the Control Department, near Collingwood, by the day, and sent to Thunder Bay.

The road, however, has been so bad, in consequence of its incompleteness, and of wet weather, that it has been only possible to put 1,000 lb. loads into each wagon, and many horses have been on the sick list from exposure and over-work on deep roads. As the ration of forage has been increased, and as a Veterinary-Surgeon and Collar-maker have arrived, improvement in their condition may be expected.

10. Colonel Wolseley has always desired to test the feasibility of passing boats up the Kaministiquia and Matawin, so as to relieve his Land Transport.

Mr. Dawson did not think this possible, but Mr. McIntyre, Hudson Bay Company's Officer at Fort William, declared the route perfectly practicable, and gave his own voyageurs and guides for the attempt.

The experiment was commenced on the 4th June by Captain Young and 34 men of the 60th in six boats, and his progress is detailed by that officer as follows:—

"Left the camp, Thunder Bay, at 6:45 A.M., on the 4th, and were towed to Fort William. We left Fort William at about 9 A.M., and rowed up the Kaministiquia to Point Meurons, where we arrived at 12 noon, and halted to dine. We proceeded again about 1:45, and after rowing about 2 miles further, came to rapids, where we had to lay the oars aside and take to poling and tracking for 6 miles further, where we camped.

"We started early on the 5th and arrived at Portage Parisie at 9 A.M. Portage

" 350 yards, but the Indians managed to take the boats up the rapid, so that only the stores, rifles, &c. were carried by land. We went on again at 10:30 A.M. and poled and tracked until 12 noon, when we had to run ashore from a violent thunderstorm. We stopped at 1 P.M. for dinner, at the point where White Fish River meets the Kaministiquia, and went on again at 2:20, tracking and poling, also a little rowing, but very little of the latter, and arrived at the foot of the Kakabeka Falls about 6 P.M. and camped; for the last half a mile the carvel boats had to be taken up by the Indians alone, and the men of the detachment belonging to them marched along the bank through the bush.

" On the morning of the 6th it rained heavily, so we did not get to work until 8 A.M., after breakfast, when the Indians began to cut a portage road, and our men to take stores, &c.; across the portage, which I found to be about 1,750 paces; after dinner a considerable part of the road being made we carried the boats up to the top of a rocky hill, the angle at least 45°, it was very hard work, especially with the carvel boats, the red boats (flat bottom) being got over with considerably less difficulty. We got the stores, boats, &c., over the portage by 7 P.M.

" Early on the 7th we embarked everything and pulled for about a quarter of a mile to another portage which I made to be 1,100 paces; this portage was very rocky, and it took us until 5 P.M. to get boats, stores, &c., over and re-embark. We then went on for about 1½ mile to another portage, where, however, the Indians got the boats up and our men portaged the stores; this occupied us until 7 P.M., when we camped.

" The following morning, the 8th, when I met you and Colonel* Irvine, was very wet, and continued so until late in the afternoon, when the Indians took the two carvel boats up the remainder of the rapid. The river rose considerably (at least two feet) from the previous rain.

" On the morning of the 9th we started again at 4 A.M. and went on to Portage de L'Isle, which is over an island and very short, only about 50 paces, then we went on to another portage a couple of hundred yards off, where the stores, &c., were disembarked. After breakfast the Indians felled trees and made a portage road, about 700 paces. When it was finished we got the boats over and re-embarked, but soon came to another portage of about 500 paces, and got stores &c., over and dined. The Indians then made another road and we took the boats over, and went on again through several rapids, very close together, when the men of the detachment had, in very nearly every case, to disembark, and the Indians took the boats up assisted by tracking lines hauled by our men until about 6:30 P.M., when we camped.

" This morning, the 9th, we started about 7:30, the men having previously breakfasted. It rained hard until 6:30, so I thought it advisable not to go on, but as it cleared about 6:30 I had tea made and gave the men breakfast and came on here (Kaministiquia Bridge) without much difficulty, except at one place, where a portion of the stores were carried overland for 400 paces, the Indians poling the boats up the rapid with the remainder. The route which we came by would, I consider, be very destructive to the clinker built boats.

" In accordance with your instructions I propose going to the Matawin Bridge to-morrow morning, and must, I fear, leave all the boats there. The Indian voyageurs say it would be impossible to take the large boats to the Shebandowan Lake, but they have been prevailed on by C. Gaumon, Mr. McIntyre's agent, to go on to the Matawin Bridge. They say it is a very hard bit of road, and though only five miles it will take us a day and a half."

Notwithstanding these gloomy prognostications, on the 12th June Captain Young reported the safe arrival of his boats at the Matawin Bridge. He says, "The water in the river being very high, we had no portages."

On the 13th June, Captain Young left the Matawin Bridge early in one of the Red Ottawa flat-bottomed boats, and for 4 miles did not meet with any difficulty worthy of mention; he then came to a bad rapid, where he made a portage road of 120 yards. For about 4 miles above there is a succession of rapids, up which they managed to pole and track, making a short portage of 20 yards. They then came to a rapid where the river runs through a gorge with perpendicular sides, and water so rough and rocky, with falls, that it was impossible to track or pole. On looking from the highest accessible point, the river, for at least three-quarters of a mile, seemed in the same state, and the banks were so rough, and the ascent so abrupt, that a portage road could not be formed. Captain Young considered it impossible to take the large boats by this route unless a regular road is made, and even then the assistance of many men would be required, as the highest point is more than 120 feet above the river.

11. The practicability of this water communication having been shown, Colonel Wolseley determined to send the whole of his boats by that route, and to devote his Land Transport to supplies. Mr. Dawson acceded to this arrangement, but declined the assistance of soldiers, as he had plenty of voyageurs.

12. Colonel Wolseley's plan is, therefore, to collect all his boats by the water route, at a point on the Matawin River, 5 miles below the Dam site. Over these 5 miles they will be transported by the road which is now being pushed forward; and from the Dam site, where the road is to end, they will be poled up into Lake Shebandowan.

Meantime depôts of supplies have been formed at the Kaministiquia and Matawin Bridges, where there are clearings which promise a partial immunity from the danger of

* *Qy.* Assistant-Controller?

fire. From these points the supplies will be carried by road to the Dam site, whence Mr. Dawson has guaranteed to get them up to the Lake in some flat-bottomed Ottawa boats as fast as they can be delivered to him.

13. The point to which this plan had been carried out at the date of Colonel Wolseley's last Report, 19th June, is as follows:—

35 days' rations for 1,500 men were in dépôt either at the Kaministiquia or Matawin Bridges.

50 boats had reached the Matawin Bridge; 10 were to leave on the day he wrote, and 12 were to follow very shortly.

Colonel Wolseley says:—"When I have 100, or even 80 boats on the Lake, and provisions for 1,500 men for 60 days there, I shall move off by detachments.

"I am still in hopes of being able to leave Fort Francis for Fort Garry on the 1st August."

14. From the above account his Excellency will see that the advance of the force is entirely dependent upon the completion of the road from the Matawin Bridge to the Dam site, the terminus now fixed upon; and upon Mr. Dawson being able to carry out his engagement to take the supplies as fast as delivered to him from that point up into Lake Shebandowan.

A letter from Mr. Simpson dated Fort Francis, 10th June, was received at Prince Arthur's Landing on the 17th, and says, "that the latest news there from Fort Garry was in April, when all was quiet; that the Indians would resist any Fenian raid; that there would not be much trouble in making a treaty for right of way; that only two men had as yet been obtained as guides; that the Indians were to hold a grand Council on the 20th June; that the portages would be cut, and drift wood cleared from the French River by the crews of the canoes leaving Fort Francis that day for Fort William; that by this means there would be water enough in the French river for the boats; that the Hudson Bay Company's Agent, Mr. McKenzie, would put plenty of storage at the disposal of Colonel Wolseley at Fort Francis; that the road from north-west angle of the Lake of the Woods to Fort Garry was reported impassable by Indians and Hudson Bay Company's officials; that the route from Fort Francis to Fort Alexander would take about 11 days, for boats laden with 80 pieces of 90 lbs. each; that the portages on the route were all in good order; that the Hudson Bay Company's brigade of boats left Fort Francis for York Factory; that he (Mr. Simpson) had had a long trip, arriving on the 8th June; weather very wet, and head winds."

I have, &c.
(Signed) WM. EARLE, *Military Secretary.*

No. 19.

Lieutenant-General the Hon. James Lindsay to the Secretary of State for War.

Sir,

Montreal, 15th July, 1870.

REFERRING to my letter of the 7th July, respecting the division of the general expenses of the Red River Expedition, I have now the honour to enclose you a copy of a communication which I have addressed to the Governor-General on the subject, with the view not only of informing His Excellency of my proceedings in the matter, but of arranging that any further representation from the Canadian Government should be made to the Colonial Office and not to me.

The construction to be placed upon the telegrams that have passed is certainly open to argument, and Canada may contend that she has read them in a way more favourable to herself than I have done.

I assume that Her Majesty's Government will be glad to avoid any discussion of this kind, if the interests with which it is charged justify it in doing so.

I venture therefore to express my belief that there would be no ground left for dispute if the Imperial Government engaged to pay one-fourth of the total of the general expenses of the whole force sent, instead of the share of 250 regulars only.

Indeed, the Secretary of State for the Colonies is reported to have said in the House of Lords that England would pay one-third.

The difference which either proportion would make in the sum to be found by the Imperial Government is small, considering the object in view. Its exact amount can easily be ascertained from the detailed accounts I send home by this mail.

I have, &c.
(Signed) JAS. LINDSAY, *Lieut.-Gen.,*
Comm. in Brit. North America.

Enclosure in No. 19.

Lieutenant-General the Hon. James Lindsay to the Right Hon. Sir John Young.

Sir,

Clifton House, 10th July, 1870.

SINCE addressing my letter, R.R. 60, of 14th June, to your Excellency, in reply to the Minister of Militia's letter 2008, of 4th June, I have been informed by the Secretary of State for War, of the construction placed by Her Majesty's Government upon the correspondence that has passed, as to the proportion in which England and Canada should bear the general expenses of the Red River Expedition, and I believe that a copy of a letter, dated 23rd June, from the Secretary of State for the Colonies to the Secretary of State for War, containing those views, has already been sent direct to your Excellency.

I have now the honour to enclose a copy of a further letter that I have addressed to the Secretary of State for War, reporting the divergence of the Canadian Government's views from mine on this subject, and explaining the manner in which I propose, notwithstanding, to divide the sum total of the Estimates.

My opinion, as to the pecuniary responsibilities of the Imperial Government in the matter, has been framed, not only after a careful perusal of the telegrams that have passed, but with the engagement before me, made by the Canadian Government in the Minister of Militia's letter 1817 of 26th April, a copy of which I enclose.

This letter was written in reply to my letter to you, R.R. 7, of 23rd April, in which I pointed out the desirability of increasing the number of Regulars to be employed in the Expedition, and in which I said, "Any expense, consequent upon an increase of the "Regular Force, should fall upon the Dominion," and a reference to the letter itself will show that I went into considerable detail as to the nature of these expenses.

Whatever other points therefore "the language of the telegrams may leave open for "argument," the one of the payment by Canada of all additional expenses incurred by the employment of 140 extra Regulars appears to be conclusively settled by the Minister of Militia's letter of 26th April.

The number of men to compose the force was originally proposed by Canada to be 1,000, and I accepted that number on first arrival, and until a better knowledge of the nature of the service, and the state of preparation of the Militia caused me to recommend a slight increase.

It is upon the number and the proportion that the 250 Regulars originally asked for, and authorized, bear to it, that the share of Canada was fixed at three-fourths. I cannot reconcile the statement reported to have been made in the House of Lords by Lord Granville that England would pay one-third, with the correspondence that has passed, and can only suggest that his Lordship has taken that proportion as the one existing between 250 Regulars and 500, the minimum force to be sent by Canada, mentioned in one of his telegrams.

I have taken steps to find out what part of the road expenses may be fairly attributed to the Expedition, and when these shall have been ascertained, they can of course be added at any time to the general account.

In submitting these remarks to your Excellency, my intention is merely to put you in possession of the grounds upon which I have proceeded in dividing the general expenses of the Expedition.

Should they appear insufficient to the Canadian Government, I presume that any representation to the Imperial Government, that may be thought necessary, will be made by your Excellency to the Colonial Secretary.

I have, &c.
(Signed) JAS. LINDSAY, *Lieut.-Gen.*

No. 20.

The War Office to Lieutenant-General the Hon. James Lindsay.

Sir,

War Office, 18th August, 1876.

I AM directed by Mr. Secretary Cardwell to acquaint you that a telegram to the following effect has been sent to you this day:—

"Received your letter of 1st August. British troops *must* return from "Red River Expedition."

I have, &c.
(Signed) EDWARD LUGARD.

No. 21.

Lieutenant-General the Hon. James Lindsay to the Secretary of State for War.

Sir, *Head-Quarters, Montreal, 19th August, 1870.*

I HAVE the honour to transmit, in continuation of the enclosure of my letter, E 2484, of 1st July, 1870, a copy of a further report, R.R. 137, of 18th August, upon the progress of the Red River Expedition, that I have addressed to His Excellency the Governor-General.

Colonel Wolseley arrived at Fort Francis, all well, on the 4th August.

I also transmit a report of 16th July, by Colonel Wolseley, upon the causes of delay experienced by the Expedition, a copy of which I have submitted to the Governor-General.

I have, &c.
(Signed) JAS. LINDSAY, *Lieut.-General,*
Commanding Ontario and Quebec.

Enclosure 1 in No. 21.

The Military Secretary to the Military Secretary to His Excellency the Governor-General.

Sir, *Montreal, 18th August, 1870.*

1. MY Report, R.R. 75, of 29th June, 1870, detailed the progress of the Red River Expedition up to the 19th June.

2. On the 28th June the Lieutenant-General paid a visit to Thunder Bay remaining to the 3rd July, between which date he rode to the Shebandowan Lakes and returned by the river.

3. On the 5th July, Colonel Wolseley moved his Head-Quarters to Matawin, in order to superintend more readily the passage of supplies and boats. Before leaving, he selected a company of the Quebec Militia to form the garrison of Prince Arthur's Landing and its redoubt till the return of the Expedition.

4. I have now the honour, by desire of Lieutenant-General Commanding, to enclose a copy of a Report from Colonel Wolseley of the 16th July, 1870, in which he recalls the cause of the great delays that have taken place and describes the manner in which the boats and supplies have been passed from Lake Superior to Lake Shebandowan. The amount of assistance given to Mr. Dawson in the shape of Military Labour is as follows:—

	Number of days' work done.			Total.
	Serjeants.	Corporals.	Privates.	
60th Rifles— From 27th May to 16th July	291½	217½	3,295½	3,804½
Ontario Rifles— From 5th June to 15th July	135½	150	1,214	1,529½
Quebec Rifles— From 9th June to 16th July	99	67	774½	940½
	526	434½	5,314	6,274½

The hard work which the troops have had to do has not hurt their health; this may be attributed to the absence of liquor and to the good food they have received. Even at the "Dam Site" and at the Shebandowan Lake, the troops had fresh meat and bread. The cattle were slaughtered at Oskondagee Creek, and the meat sept daily.

The bread was baked in camp at a field-oven, which had been already used 7 weeks at Prince Arthur's Landing.

On the 17th July this oven, worked by two men, turned out 470 rations of bread in 1½ lb. loaves in 12 hours.

5. Several fearful storms took place at different times making the road temporarily impassable, and raising such a swell in McNeill's Bay that it was impossible to load the boats and start the brigades.

6. Delays have also arisen from the difficulty of getting the Indians to work on Sunday. In fact, as nothing could be taken up the rapids between the Dam Site and the lake without the assistance of the Indians, the force was completely at their mercy, and they seem to have regulated their own day's work. Colonel Wolseley by good management brought these men to terms and, notwithstanding their notions respecting work, speaks highly of their usefulness and civility.

7. On the 16th July, Colonel Wolseley had at length overcome all the difficulties of the road and transport, and after a great deal of trouble in fitting out the boats with their

gear, which was in an endless state of confusion, started his first detachment of troops for Fort Francis. It was under the Command of Colonel Fielden, 60th Rifles, and was divided amongst 3 brigades of boats.

The numbers were 150 military all ranks, 34 voyageurs, and 1 guide, in 17 boats; 60 days supplies and all necessary stores, ammunition, and equipments for the men, both soldiers and voyageurs, were on board each boat, besides some reserve stores, &c., &c.

8. The following is a tabular statement showing how this operation was conducted from 16th July to 23rd July :—

Date.	Number of Brigade.	Number of Boats.	Commanders.	Regiment.	Number Embarked.				Total.
					Officers.	Men.	Voyageurs.	Guides.	
16th July	A	6	Captain Young	1st Bn. 60th ..	5	50	12	1	68
16th "	B	6	Captain Ward	1st Bn. 60th ..	4	50	12	—	66
16th "	C	5	Lieutenant Alleyne, R.A.	R. A. and R. E.	2	38	10	—	50
17th "	D	7	Captain Dundas	1st Bn. 60th ..	4	50	14	1	69
17th "	E	6	" Buller	1st Bn. 60th ..	3	50	12	—	65
18th "	F	6	" Northey	1st Bn. 60th ..	3	49	12	1	65
				A. S. C... ..					
				A. H. C... ..					
19th "	G	7	" Wallace	1st Bn. 60th ..	5	58	14	1	78
21st "	H	6	" Calderon	Ontario Rifles ..	4	49	12	1	66
21st "	I	6	" Scott	Head-Qr. Staff ..	6	48	12	1	67
21st "	Gig.	1	" Huyshe, 1st R. B.	—	2	4	2	—	8
22nd "	K	6	" Mc Donald	Ontario Rifles ..	4	49	12	—	65
22nd "	L	6	" —	Ontario Rifles ..	3	48	12	1	64
		68			45	543	136	7	731

Lieutenant-Colonel McNeill reports later that the number embarked from 23rd July to 1st August were as follows :—

Forty-two officers, 505 men, 120 voyageurs, and 8 guides, making a total for the Expedition of 87 Officers, 1,048 men, 256 voyageurs, 15 guides. Grand total 1,406.

9. After L Brigade had started, on the 22nd July, Colonel Wolseley reports that the following supplies for all embarked, being 731 men, had been sent on, distributed throughout the different brigades :—

85	days rations of biscuit or flour,
66	" pork,
71	" sugar,
69	" tea,
71	" beans or potatoes,

Also a field hospital for 35 men in bell tents, and a field bakery for Fort Francis, and all necessary medical comforts and stores.

The brigades that were to follow would, in addition to the minimum of 60 days' rations per man embarked, take on a certain amount of extra supplies, so that Colonel Wolseley expected that, when all should have been embarked, provisions to last the force up to the 30th September would have left Shebandowan Lake with it.

He would thus be entirely independent of any food, such as fresh meat, that might be got by the way as a reserve; and to meet the wants of the returning Regulars, Colonel Wolseley arranged with Mr. Dawson to send on to Fort Francis by 15th September 20,000 rations complete, commencing directly the last detachment had left. Reports that this operation is in progress have been received.

10. On the 23rd July, Colonel Wolseley himself started from Shebandowan in a light canoe with the intention of catching up the leading brigades.

Colonel Fielden had orders to go slowly, improving the portages, and in any case to close up the Regulars so as to make a show of force on arriving at Fort Francis.

Brigades M and N were to start on the 23rd July, and O and P, if possible, on the following day, thus completing the Ontario Battalion.

11. Colonel Wolseley would therefore see $\frac{1}{4}$ of the force under weigh, leaving Lieutenant-Colonel McNeill at Shebandowan to start the remainder.

This officer has reported that he did not get the last of the Ontario Battalion off till the 26th July, but that he despatched the last detachment of the Quebec Battalion under Lieutenant-Colonel Casault on the 1st August, and intended to leave himself on the 3rd August; and barring accidents, to join Colonel Wolseley at Fort Francis by the 9th August—3½ days.

12. After Colonel Wolseley had started, he sent back to Lieutenant-Colonel McNeill to send him on all available boat carpenters with their tools and material, as the boats appear from their rough work to have been much shaken. This was accordingly done.

13. Colonel Wolseley, before leaving Shebandowan, wrote that his further movements depended upon the intelligence as to the state of affairs in Manitoba that he might receive at Fort Francis.

If he felt confident that there would be no opposition he would at once push forward

to Fort Alexander in the same order as that in which he advanced to Fort Francis, hoping to reach Fort Alexander about 16th August.

His intention was to halt there, probably two days, so as to close up the Regulars before finally advancing to Fort Garry.

14. The following telegram from Colonel Wolseley at Fort Francis, dated 1th August, shows how far and with what success the leading brigades of the Expedition have pushed their way :—

“ We arrived here this morning all well ; very few Indians here ; weather very fine, “ but were detained two days on Rainy Lake by contrary winds.

“ First detachment will leave for Rât Portage to-morrow.

“ Butler from Fort Garry arrived here this morning ; all was quiet there on 24th July.”

15. You will see by this that the Expedition is going down the Winnepeg River. The road from the N.W. corner of the Lake of the Woods to Fort Garry is not made, and the excited and divided state of the people in the settlement prevent their setting to work to complete it.

16. Colonel Wolseley is indebted to Mr. Donald Smith of the Hudson’s Bay Company for arranging that the Expedition shall have 3 head of cattle at Fort Francis, 1 or 2 at Rât Portage, and 12 to 15 at Fort Alexander.

17. The mission of Lieutenant Butler, 69th Regiment, by Minnesota to Fort Garry, and thence up the Winnepeg River to meet the Expedition, has been most useful to Colonel Wolseley, who has now for the first time reliable information respecting the state of affairs in Manitoba, the non-existence of any road to the N.W. angle of the Lake of the Woods, the real difficulty of the Winnepeg rapids, and the possibility of getting supplies in the settlement.

With proper intelligence on these points Colonel Wolseley can now advance surely, and the Lieutenant-General does not doubt that, thanks to the energy and vigour which have been imparted to the whole force by its Commander, he will be able to report to his Excellency on the 1st September, or shortly after, that the Expedition has reached Fort Garry.

I have, &c.
(Signed) WM. EARLE, *Military Secretary.*

Enclosure 2 in No. 21.

Colonel Wolseley to the Military Secretary, Montreal.

Camp, Ward’s Landing, 3 miles from Shebandowan Lake,
16th July, 1870.

Sir,

Officers.	Non-comm. Officers, Rank and File.	Corps.
1	19	R.A.
1	19	R.E.
9	100	1/60th
Two 7-pr. guns and equipment.		

I HAVE the honour to report for the information of the Lieutenant-General Commanding in British North America, that the first detachment, strength as per margin, under the command of Colonel Feilden, 1st Battalion 60th Rifles, embarked in 17 boats at Mc Neill’s Bay, Shebandowan Lake, to-day, and started at 9 o’clock, P.M. They have with them

complete rations for 60 days.

I hope to be able to get off the rest of the force in detachments of about 100 daily.

I regret extremely that so much delay has occurred in starting the expedition from Shebandowan Lake, but I humbly submit that it was not in any way attributable to want of energy or arrangement on the part of the military, but has been occasioned by circumstances over which they could exercise no control whatever.

I take the liberty of briefly recounting the two most salient of the causes which in my opinion have kept us back.

First cause of delay.

1st. The original plan of military operation was based upon the belief that the regular troops (more than one-third of the whole force), were to have left Collingwood for Thunder Bay in the first week of May, whereas they did not leave that port until the 21st, 25th, and 26th of that month. This delay is attributable, in my opinion, to two causes: 1st, the slowness of the Dominion Government in making arrangements for conveying the force and its equipment across the lakes; and 2ndly, to the action taken by the United States authorities in closing the canal at Sault Ste. Marie to our shipping.

I trust you will pardon my briefly recapitulating the circumstances bearing upon the arrangements made for lake transport.

Lake Transport
arrangements as pro-
posed by the Lieut-
General Commanding.

The Lieutenant-General having proceeded to Collingwood on the 5th of May, and made all preliminary arrangements for the despatch of the regular troops and a considerable number of horses, bullocks, &c., by the steamers “Chicora” and “Francis Smith,” on the 7th and 9th of that month respectively, and having telegraphed to Ottawa for authority to close with the advantageous offers he had received from the owners of those steamers, was instructed to hold on and to make no arrangements, as the Postmaster-General would undertake the duty of hiring steamers. The Lieutenant-General having therefore no authority to enter into any agreement with the owners of the “Chicora,” that steamer started immediately on her regular trip for Thunder Bay. Although she had no military equipment on board, she was prevented by the United States authorities from passing through the canal at Sault Ste. Marie; she therefore returned to Collingwood.

This action on the part of the United States Government necessitated the organization of a Land Transport Service at the Sault for the conveyance of all our supplies from the lower to the upper end of the Portage, a distance of about $3\frac{1}{4}$ miles. The steamer "Algoma" had most fortunately succeeded in passing through the canal on the 6th May, and had been kept on Lake Superior in order to render us independent should the canal be closed to our shipping.

Organization of Land Transport for the Sault.

It was not until late at night on the 12th May, that I received instructions from Ottawa authorising me to send forward troops. By the early train next morning I despatched Lieutenant-Colonel Bolton to Collingwood to superintend fitting up the "Chicora" (which had just returned to that port), for the conveyance of as many horses as she could carry. She sailed on the day following with the troops and horses noted in the margin, together with a large amount of stores.

1st Ontario Rifle..
7 officers, 100 rank and file, 24 horses.

The steamer "Wanbano" followed on the 16th with two additional companies of militia, all to be stationed at the Sault Ste. Marie until the troops and stores had passed through; for having been informed that it was possible the Fenians might attempt to destroy our stores whilst in transit through that place, I considered it necessary to be strong there.

The subsequent despatch of the force had to conform to the dates of sailing of the regular line of steamers, plying in their accustomed manner, one upon every fifth day, between Lakes Huron and Superior, those vessels never being entirely at our disposal, but carrying private freight and passengers along with our stores. On the 17th May I was informed in a telegram from the Lieutenant-General that our vessels when not laden with military stores would be allowed to pass through the canal. After that date at every trip made by the "Algoma" or "Chicora" they carried as many troops, boats, horses, stores, &c., as could be placed on board, until everything intended for the Expedition had arrived at Prince Arthur's Landing, Thunder Bay. The troops and all military equipment, whilst *en route* through the Ste. Marie river being disembarked, in every instance, at the lower end of the rapids, and carried by wagons to a point above, where they were again embarked on the same vessels.

Despatch of the main body.

The 1st Detachment, under my own personal command, disembarked at Prince Arthur's Landing on the 25th May, and the last reached that place on the 21st June.

Disembarkation at Prince Arthur's Landing.
Accumulation of Stores at the Sault Ste. Marie.

During this operation at some times large accumulations of stores took place at the Sault, as the "Prince Alfred" gunboat, the "Wanbano," the "Francis Smith," and "Rescue" all discharged cargoes there, and did not go through the canal. There were no means for protecting from the weather the stores thus delivered by those boats, and the regular line of steamers were unable to do anything towards relieving the pressure, as they arrived so full that nothing of any consequence could be shipped in them. Lieutenant-Colonel Bolton, Deputy-Assistant Adjutant-General, whom I had left in command there, seeing that the stores would be destroyed if left exposed to the sun and rain, shipped them in American bottoms for their destination, making the best arrangements he could with the American owners for that purpose.

Shipment of Stores in American vessels.

You will perceive by the above statement that a week was thus lost in despatching the first detachment, owing to the non-approval by the Dominion Government of the arrangements made in the first instance by the Lieutenant-General Commanding for lake transport, and that considerable delay was subsequently occasioned by the closing of the canal to our vessels.

The second important cause of delay was, I consider, the want of a road between Thunder Bay and Shebandowan Lake, by means of which we could have sent forward our supplies. The original plan of military operations was based upon the belief that the road between those places would be open for traffic along its entire length before the 1st June. I write this on the 16th July, and it is now only cut out as far as this camp (about 3 miles from the lake), whilst some miles of it between the Oskondagee Creek and Young's Landing are still practically useless as a highway for constant and heavy traffic.

Second important cause of delay.

On the 26th May, the day after my arrival, I rode as far as it was practicable for wheeled transport, a distance only of about 28 miles; the total distance by road (as marked out) to the lake being at least 47 miles. Beyond that it was a matter of difficulty to go on horseback, and could not be accomplished without danger to the horse.

First inspection made of the road.

On the 6th June I again rode along it, and penetrated as far as the Oskondagee Creek, a distance of about 38 miles, the last 7 or 8 miles being totally unfit for transport purposes.

Second inspection of road.

The Oskondagee Creek (about 75 feet wide) was still unbridged. From thence to the Dam Site, a distance of about 5 miles, the road was cut out through the woods for half that distance, but the stumps had not been taken out of the ground.

On the 15th June the road was again inspected by Lieutenant-Colonel McNeill, who reported that between the Matawin and Oskondagee Rivers there were still about 3 miles that were almost impassable. The latter river had been bridged, and the road cut to within $1\frac{1}{2}$ miles of the Dam Site, the remaining space being still untouched.

Third inspection of road.

On the 21st June I rode to our furthest camp, half-way between the Oskondagee and Dam Site, and found the road between the Matawin and Oskondagee still practically impassable for wagons. A few, drawn by bullocks, daily passed over, but no organized transport in the world could have existed if ordered to work over it regularly with ordinary loads. There were several places that on horseback were only passed with difficulty. Beyond the Oskondagee the road was not then cut all the way to the Dam Site.

Fourth inspection of road.

Road inspected by
the Lieut.-General
Commanding.

On the 1st July I accompanied the Lieutenant-General when he inspected the road. He saw for himself upon the occasion, the hopeless condition which it was in, and as his horse struggled through the swamps between the Matawin and Oskondagee Rivers, he could well appreciate the difficulties of my position. As he will doubtless remember, the road beyond the latter river, with the exception of the first two miles, was then still impassable for all descriptions of wagons.

I have thus given a general outline of the condition in which I found the road when I first landed, also upon the several dates when I subsequently inspected it, and its state now that it is about to cease being made use of by the force under my command.

Difficulties of con-
structing a road.

In doing so, I have no intention of imputing to anyone a want of zeal or energy in pushing it forward. Mr. Dawson, of the Public Works Department, as well as the engineers working under his orders, have been untiring in their exertions to get the road in working order. He has had to contest with great difficulties. Fires have raged twice over considerable portions of it, consuming culverts, cribwork, retaining walls, and corduroy work. Heavy rains have swamped it at other times, carrying away bridges, and rendering it impassable for days. I have at all times placed the men under my command at Mr. Dawson's disposal for employment upon the road, stationing companies anywhere he desired for this purpose. Since the 5th June there has been 5,433 days' work performed by soldiers upon the road. I have assisted him in every way in my power, carting sand for him, transporting supplies for the men from place to place, and latterly furnishing his working parties with provisions from the depôts I had formed in advance of the Matawin for the use of the troops in their final start.

Military labour performed upon the road from 27th May to 16th July :—		
1st Bn. 60th ..	..	3,804½
1st Ontario Rifles ..	..	1,529½
2nd Quebec Rifles ..	..	940½
Total ..	..	6,274½

Description of road.

The road is of clay throughout. No metalling has been attempted upon it anywhere. Gravel is only to be found at a very few places, and for miles in some localities even sand is only to be obtained by carting it from a distance. At many points it was necessary to carry the road over swamps and peat mosses, where deep drains and heavy facine work were indispensable.

It crosses two considerable rivers and numerous streams, over which bridges and culverts had to be constructed. Some districts through which it passed are entirely of red clay of a most tenacious nature, which is quite impervious to water. After rain at such places it is cut up by the first ten teams that pass over it, in such a manner as to stop all traffic, and for days afterwards the wear and tear upon horses is so great that I have had more than once to stop altogether moving wagons over it. Except in the very finest weather these clay districts are destructive to draught cattle. Upon many occasions more than one-third of the horses have been on the sick list from galled shoulder, exhaustion, &c., occasioned partly by the inferior description of harness supplied by the Dominion Government, and partly by the strain of working over such heavy roads. I may here add that rain seems to be the rule and fine weather the exception in this portion of Her Majesty's dominions. It rained upon 15 days in June, and of the 16 days that are already passed in July it has rained upon eight of them. It pours at times in a manner I have seldom seen equalled even in the tropics. The only portions of the road that stand continuous traffic are those that have been corduroyed, for although they are rough and only suitable for slow draught, still they are passable in all weather.

The grades are tolerably good, as fair as could be expected, where all heavy cuttings and embankments have been avoided.

This general description of the road will convey some idea of the difficulties those responsible for its construction have had to contend with, and of those which we have had to overcome in getting our warlike material and other stores from Thunder Bay to Shebandowan Lake.

The plan which I adopted for the transport of boats and stores was as follows :—To begin with boats, 28 were sent over the road as far as the Matawin Bridge upon our first arrival, and I am now bringing up a few more in that way, as I have considered it necessary to add one boat to each brigade to increase the amount of provisions sent with it, and there is not now time to bring them up by water. Previous to our arrival here, I had been led to believe by everyone who had any previous knowledge of the country, that the only way of getting boats forward to Shebandowan Lake was by carting them over a road to that place. I was informed repeatedly that they could not be taken up the Kaministiquia river. After landing, every day's stay in the country taught me more of its geography.

Despatch of boats by
river route.

Mr. McIntyre, the Hudson's Bay Company's Officer at Fort William, gave me most valuable information, and from him I learnt that it was quite feasible to send up all my boats by the river. As the general opinion of everyone connected with the Public Works Department was most decidedly against the attempt, I felt that, as a stranger to the country, I was assuming to myself a grave responsibility in making it; but already doubting the possibility of the road being finished in sufficient time to fulfil all our requirements, I considered it worth while to risk a few men and boats in determining the point. I despatched Captain Young, 60th Rifles, with his company (two Indians for each boat as guides being furnished by Mr. McIntyre) on this service. The result was a complete success. Of all those that subsequently came up the Kaministiquia route only one has been wrecked. This boat service was of great use in drilling the men to the use of boats and their management in rapid water on portages, &c., a knowledge that will be of such great importance to them hereafter. The boats were thus taken from Thunder Bay to

Shebandowan Lake by water, except for the distance of five miles, where there are such a series of heavy rapids and falls that I considered it more prudent to have them carried on wagons. Had I not been able thus to have made use of river, the departure of the Expedition would have been still much further delayed.

The stores have been transported in wagons as far as the Matawin Bridge (27 miles), and from thence by the troops in boats to Young's Landing, a point two miles further on the road (where it leaves the river), from thence they are carted to Calderon's Landing (a distance of about $4\frac{1}{2}$ miles), and again embarked in boats and taken to the Oskondagee Creek. (Between Young's Landing and Calderon's Landing there were too many portages to admit of the stores being sent by river profitably.)

From thence to Ward's Landing (5 miles) they were carted like the boats. At Ward's Landing they were again embarked and taken by the troops in flat-bottomed boats, piloted by Indians, to McNeill's Bay in the Shebandowan Lake, and there finally shipped.

It is almost needless to point out that the frequent change of conveyance from boat to wagon, and *vice versa*, has necessarily led to waste from the breakage of barrels, &c., and from the impossibility of providing cover for the stores at all places where bulk was broken. Every endeavour has been made by Mr. Dawson to meet our requirements in this respect. Storehouses of a rude nature have been erected at five points along the line of route to the lake, besides the extensive sheds and shanties constructed for a similar purpose by him at Prince Arthur's Landing.

The troops along the line of road as far as the Matawin Bridge have been almost exclusively fed upon fresh meat and bread. Bakeries were established at Prince Arthur's Landing, the Matawin Bridge, and Ward's Landing. I have never before been with any force in the field so well fed as this one has been up to the present moment. The rations good and ample.

The absence of any spirituous liquor as part of the daily issue, is marked by the excellent health and spirits of the men, and I may add by a remarkable absence of crime.

The work performed by the men up to their arrival here has been very considerable, so much so, that many companies already begin to present a ragged appearance. This work has been especially hard upon the Militia, from the fact of their having to work in thick winter trousers when the thermometer has sometimes stood over 90° in the shade. Only one pair of trousers was supplied to each man by the Department of Militia and Defence. I have made repeated application for a pair of light serge trousers per man to be given in addition to the heavy ones, and I am glad to say that they have at last arrived, and are now being distributed. Lately each militiaman was furnished with a pair of linen trousers, but they are of a most inferior description, and last only a short time. They are quite unsuited for a climate such as this one, where it rains nearly every other day.

Speaking generally, the personal equipment supplied to the Militia by the Canadian Government is much inferior to that furnished to the Regular Troops from our own Military Stores.

I beg to add that I have left at Prince Arthur's Landing a sufficient garrison to man the parapets and to work the guns mounted in the redoubt I had constructed there. It is of sufficient strength to hold out against any number of Fenians that could possibly be brought against it.

I trust that the Lieutenant-General will pardon the prolixity of this report, but I have thought it necessary to go into details for the sake of all those who have worked so hard and unremittingly towards attaining the primary object of this expedition, that is, getting it started from Shebandowan Lake properly equipped to meet all contingencies, whether of war or peace.

The Militia have vied with the Regulars in their exertions to push everything forward, and the Regulars by their good conduct and the manner in which they have worked, have set them an example that they may have been justly proud to follow.

I have, &c.
(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

No. 22.

The War Office to Lieutenant-General the Hon. James Lindsay.

Sir,

War Office, 31st August, 1870.

I AM directed by the Secretary of State for War to acquaint you that a telegram to the following effect has this day been forwarded to you:—

“Your letter of 14th August received.

“The decision to withdraw British troops from Red River Expedition is “adhered to; they must therefore return.”

I have, &c.
(Signed) EDWARD LUGARD.

Lieut.-General the Hon. James Lindsay to the Secretary of State for War.

Sir, *Head-Quarters, Montreal, 8th September, 1870.*

REFERRING to my letter E 2,536, of 19th August, I have the honour to enclose you a copy of a Report, dated Fort Francis, 9th August, 1870, from Colonel Wolseley, respecting the arrival of part of the Red River Force at that post.

Also a copy of a telegram, dated Fort Garry, 24th August, 1870, announcing the peaceable occupation of that place and the intended return of the Regular portion of the Force.

The latter intelligence has already been communicated to you by telegraph.

Copies of both these despatches have been furnished to His Excellency the Governor-General.

I have received no further news of the movements of the Force up to this date.

I have, &c.

(Signed) JAS. LINDSAY, *Lieut.-General,*
Commanding Ontario and Quebec.

Enclosure 1 in No. 23.

Colonel G. J. Wolseley to the Military Secretary, Montreal.

Sir,

Fort Francis, 9th August, 1870.

Detachment Royal
Artillery and Royal
Engineers, 2 com-
panies 1st Bn. 60th
Royal Rifles, under
command of
Colonel Feilden.

1. I HAVE the honour to report, for the information of the Lieutenant-General Commanding in British North America, that the first detachment of this force, strength as per margin, arrived here in three brigades (17 boats in all) under Colonel Feilden, 60th Rifles, on Thursday last the 4th instant. I also arrived upon that day.

On the 5th instant, two more brigades of boats with two companies of 60th Rifles arrived. All these brigades left for Rat Portage on the same day that they arrived. I regret to say that strong winds had delayed these boats for two days on the lakes.

On the 6th and 7th the wind blew so hard from the west that no boats could get here. On Monday the 8th instant four more brigades arrived, carrying the remaining three companies of the 60th Rifles and one company of the 1st Militia. The 60th Rifles left the same day; the company of the 1st Militia landed and encamped, as it is to form the garrison of this place until the regulars return next month. The site selected for their camp is near the buildings constituting Fort Francis. It is on a grassy bank, about 35 feet above the river.

To-day (9th) another brigade of the 1st Militia arrived and went on towards the Winnipeg River.

2. I am happy to say there are no sick. I never saw the men looking healthier or in better spirits.

3. The hard work they have undergone has, without doubt, improved their physique, but it has been ruination to their clothing; the rowing has worn out their trousers, and the "portaging" has destroyed their boots.

4. I have given strict orders to all brigades descending Rainy River to be most careful in avoiding the United States territory.

5. I have instructed Colonel Feilden to be cautious in approaching Rat Portage, lest any armed resistance should be attempted by the rebel French half-breeds from Fort Garry. He will send forward a light boat, well armed, having Lieutenant Butler of the 69th Regiment on board (who has lately come from thence) for the purpose of reconnoitring, keeping the rest of his men at a distance from the place until all is reported quiet there. I have considered these precautions necessary, as I have been reliably informed that some of Riel's followers have been lately seen several times in that vicinity.

6. As the Government of Ottawa was unable to furnish me with any important information regarding the position of affairs in Manitoba, the arrival of Lieutenant Butler on the day that I came here, bringing news direct from Red River Settlement up to 24th July, was most opportune. The greater part of the news that reaches Canada comes from rebel sources, or is percolated through sympathizing channels. The information derived from a British officer who was an uninterested observer, uninfluenced by party or sectional feelings, was therefore of the greatest value to me when arranging for my advance beyond this place. As it was possible that Lieutenant Butler might have failed in getting through to meet me, I had made arrangements for a loyal half-breed, named "Joseph Monkman" to leave the Red River Settlement upon the latest date that he could possibly do so, so as to meet me here at the end of July.⁶ He faithfully fulfilled his mission, bringing me letters from the Bishop of Rupert's Land of the 18th July, and others from Henry Prince, the chief of the Swampy Indians, also bringing valuable information regarding supplies of fresh meat, which I wish to secure immediately as I reach the settlement.

7. The day I arrived here I sent you the letters I have received detailing the condition of affairs in the Red River Settlement, and I also sent you a report from Lieutenant Butler giving an account of his journey and experience at Fort Garry.

8. With the 60th Rifles' boats which have arrived up to this present time, there have been 120 voyageurs, 12 of whom have proved worthless, I have therefore sent them back from this place.

In other words, although a selection was made from the number of men engaged as voyageurs, in order to obtain those who really knew how to manage boats in rapid water, yet one-tenth of those selected have been reported to me as useless. I have fortunately been able to supply their places here with good Indians.

9. Lieutenant Butler also brought me six good guides for the Winnipeg River, and Mr. Monkman brought me two, Henry Prince also sent me two, and I am in hopes of being able to obtain several more at Rat Portage. According to the last news from Red River, the loyal people, who are most anxious for the arrival of the troops, were getting up a subscription to defray the expense of sending six or eight boats to assist us in getting down the Winnipeg. As they were to be manned by experienced guides, I am looking forward to their help most anxiously.

I intend leaving this to-morrow myself, and unless detained by contrary winds on the lake, I hope to be at Rat Portage in three days.

I have &c.
(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

Enclosure 2 in No. 23.

Telegram dated Fort Garry 24th, via St. Cloud, 31st.

To Lieutenant-General Lindsay,

REACHED Stone Fort at eight on the morning of yesterday, 23rd of August, with 60th Rifles and detachment of Artillery and Engineers all well. Halted late in evening about six miles by road and nine by river from this place. Received certain information that armed rebels still hold Fort Garry. Our arrival was unexpected, as Bishop Taché had assured Riel that we should not come here until the Governor had arrived. I took measures for preventing the news of our arrival preceding us. It rained heavily last night; landed early at Point Douglas this forenoon, and marched about two miles to this place. Upon reaching the village inhabitants said that Riel was still in the fort and intended resistance. Could see guns mounted on the bastion and on gateway; advanced with all due precaution, and found that Riel and his banditti had just left; some of his counsellors escaping were arrested by our skirmishers, but have since been released; large stores of ammunition, numerous loaded muskets, and several field pieces found. Have been welcomed by the inhabitants as their deliverer from the opposition and plunder to which they have been subjected for months past.

No difficulty about supplies. Barrack accommodation small, and may have to billet one-third of troops, as logs and timber are very scarce. Brigades of volunteers to-morrow, others following. First detachment of 100 men of 60th leave by Winnipeg River on 29th August. All the regulars will have left by same route by 1st of September. If you wish to send me any orders telegraph to N. S. Kittson, who will send me the message by bearer of this; he will wait 24 hours for answer.

(Signed) G. J. WOLSELEY, Colonel.

No. 24.

Lieut.-General the Hon. James Lindsay to the Secretary of State for War.

Sir,

Head-Quarters, Montreal, 9th September, 1870.

REFERRING to my letter E 2,553, of 8th September, 1870, enclosing a Report and Telegram from Colonel Wolseley, I have now the honour to enclose copies of two further Telegrams from Colonel Wolseley, dated Fort Garry, 29th August, which have been received this day.

Also of a letter from him, dated Fort Garry, 24th August, reporting in detail his occupation of that post.

I have, &c.
(Signed) JAS. LINDSAY, Lieut.-General,
Commanding Ontario and Quebec.

Enclosure 1 in No. 24.

Received Montreal, 8th September, 1870, by Telegraph from Fort Garry, August 29th, St. Paul's, Minnesota.

Lieutenant-Governor
Archibald left
Collingwood for
Prince Arthur's
Landing and Fort
Garry on 10th Aug.
1870.

To General Lindsay,

FIRST detachment of two companies 60th Rifles left to-day, *viâ* the Winnipeg River, another Company leaves by same route to-morrow, and another by Snow's Path and north-west corner of Lake of the Woods. Nothing yet heard of Governor's whereabouts; everything perfectly quiet and orderly. The rebel ring-leaders have bolted across the frontier. I see no reason whatever to apprehend difficulties requiring military interference. Orders sent by express to-day to Prince Arthur's Landing desiring the company there to come here. If arrangements can be made for their conveyance, and provided no orders are received from you to the contrary, they can come *viâ* North-West Corner and Lake of the Woods. Please send them instructions at once upon receipt of this to prevent complication. Four companies of Militia have arrived to date. Health of every one is excellent. Some official of P. W. works should come here at once to look after construction of barracks. Mr. Dawson not yet arrived. I expect him daily. Could not instructions be sent to him by telegraph to do so?

(Signed) G. J. WOLSELEY, Colonel.

Received Montreal, 8th September, 1870, by telegraph from Fort Garry, August 29th, viâ St. Paul's, 8th.

To General Lindsay,

YOUR letter of 3rd August just received; everything perfectly quiet and orderly. I know of no good reason why any regulars should remain here; unless I receive positive orders to the contrary I shall send all back.

(Signed) G. J. WOLSELEY, Colonel

Enclosure 2 in No. 24.

Colonel G. J. Wolseley to the Military Secretary, Montreal.

Sir,

Fort Garry, August 24th, 1870.

I HAVE the honour to report, for the information of the Lieutenant-General Commanding in British North America, that I left "Fort Alexander," at the mouth of the Winnipeg River, at 3 P.M. on the 31st August with the whole of the Regular Troops of the Force under my command. I waited half a day at Fort Alexander, hoping to be joined by two companies of the Volunteers, but as they did not arrive I proceeded without them.

I encamped that night on "Elk Island" in Lake Winnipeg, about 18 miles from Fort Alexander, and the next day sailed with a fair wind and reached the north of the Red River at 1 P.M. the 22nd instant, encamping that night on the right bank of the river about 11 miles below the "Stone Fort," or "Lower Fort Garry," as it is sometimes called. We were welcomed by the Saulten Indians who live in the vicinity, and who had no idea of our arrival in the river until they saw our boats.

I took every precaution to prevent the news of our approach from spreading up the river.

On the morning of the 23rd we started at daybreak and reached the Stone Fort at 8 A.M. Here I left a considerable portion of our heavy stores, lightening the boats as much as possible, and taking on only 4 days' rations. After leaving the Stone Fort I threw out a company of the 60th as skirmishers on my right flank, the left bank of the river. This company was mounted on ponies, and kept ahead of the boats about 500 yards, the main body being on the road with an advanced party some little distance ahead, and connecting files to the river's bank, which is at times half a mile or more from the road; they had orders not to allow any person to pass them going up the river, but not to interfere with persons proceeding down the river.

Along the right bank, which was thickly wooded and but very sparsely peopled, I sent Lieutenant Butler, 69th Regiment, on horseback with orders to keep a little ahead and communicate with me at intervals.

I also had two signalmen with flags with the company on my right flank, one with the advanced guard of that company, and the other with the main body, whose services were of much use in keeping up communication between the skirmishers and the boats. At night-fall I encamped on the left bank about two miles below the English cathedral, and six below Fort Garry, and threw out outlying piquets under officers on each side of the river.

My intention had been to have marched by land with the first break of day on the fort, which was still held by Riel and an armed band of rebels whose number varied with each report that reached me, but during the night a heavy storm of wind and rain from the north-west came on, and by morning the road was ankle-deep in black gluey mud. I therefore continued my advance this morning in the boats with the same precautions as on the previous day, but sending Lieutenant Denison, one of my orderly officers, to the right bank in addition to Lieutenant Butler.

About 8 A.M. I reached "Point Douglas," about 2 miles from the fort. At this point the river makes a long bend, and the wood leads straight through the village of Winnipeg to the fort; I therefore disembarked and formed up on the left bank.

Receiving accurate information that Riel was still in the fort, and (report said) contemplating resistance, I advanced across the open prairie the column covered by a line of skirmishers; the guns being limbered up to the rear of the country carts, having a company of the 60th as a rear-guard 200 yards in rear. In this order I advanced crossing a bridge over a small creek, and passing round the village of Winnipeg (which I kept on my left flank, my right resting on the Assiniboine River), I moved straight on the fort; I was accompanied by about half a dozen of the loyal inhabitants mounted on horseback, who afforded me all the assistance in their power acting as scouts and guides.

On nearing the fort I could see that the gates were closed, and guns mounted on the bastions, but no flag was flying. Some of the mounted inhabitants who accompanied me then galloped towards the fort, followed by three of my staff, and making a complete circle round it, returned and reported that the gate opening on the Assiniboine River was open and nobody to be seen inside.

I then marched into the fort, which I found empty, having been deserted by Riel and his associates as soon as they saw me approaching; they had evidently made off in great haste, leaving their breakfast on the table half finished, and riding off as fast as they could. Riel crossed the Assiniboine River and escaped, but three of his Counsellors, attempting to pass up the left bank of that river, were stopped by my skirmishers and captured. These men were released during the day, there being no warrant out against them, or any sworn information by which I could detain them, although I knew that one of them had sat on the mock Court-Martial that tried and condemned Mr. Scott.

The Union Jack was then hoisted over the fort, a Royal Salute fired, and three cheers given for the Queen, which were caught up and heartily repeated by numbers of the inhabitants who had followed the troops from the village. I then got the men housed in the Hudson's Bay Company's buildings inside the fort; they were thoroughly drenched to the skin, the rain having poured down incessantly all day.

In conclusion I have only to add that the advent of the troops has been hailed with the greatest delight all along the river by the loyal people of all colours, who have afforded me every assistance in their power.

The conduct of the troops has been most exemplary throughout this arduous journey, and merits my warmest commendation.

I have, &c.
(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

No. 25.

The Colonial Office to the Under Secretary of State for War.

Sir,

Downing Street, 26th September, 1870.

I AM directed by the Earl of Kimberley to transmit to you, for the information of Mr. Secretary Cardwell, a copy of a despatch from the Governor-General of Canada, enclosing a telegram from Colonel Wolseley, announcing the arrival at Fort Garry on the 24th ultimo of the Expedition under his Command.

See Enclosure 2
in No. 28.

I am, &c.
(Signed) FREDERIC ROGERS.

Enclosure in No. 25.

Governor-General Sir J. Young to Lord Kimberley.

My Lord,

Quebec, 2nd September, 1870.

IN the telegram which I forwarded to your Lordship yesterday, I had the satisfaction of announcing the safe arrival of Colonel Wolseley, with the Regular Forces under his command, at Fort Garry.

2. My telegram to your Lordship was based on a telegram from Colonel Wolseley to General Lindsay, which the General at once sent on to me, and of which I beg to enclose a copy. This is all the information which we have as yet received, but it is most satisfactory to be assured of the safe arrival of the Expedition, which under the able command of Colonel Wolseley has surmounted no ordinary difficulties in the new unformed track between Lakes Superior and Shebandowan, the long and toilsome boat navigation and the labours (cheerfully encountered both by officers and men) of the frequent portages.

3. The welcome with which the Expedition seems to have been generally received, raises good hopes for the future, which I trust the new Lieutenant-Governor, Mr. Archibald, will be able to realize. He cannot be very far behind the Expedition, and, unless delayed by some unforeseen accident would certainly have reached Fort Garry before the end of August; he counted upon arriving on or about the 26th of that month.

I have, &c.
(Signed) JOHN YOUNG.

Lieut.-General the Hon. James Lindsay to the Secretary of State for War.

Sir,

S.S. "*Scandinavian*," 11th October, 1870.

REFERRING to my letter of the 9th September, forwarding a copy of Colonel Wolseley's report of the 24th August, detailing the circumstances attendant on his entering Fort Garry, I have now the honour to enclose you a copy of his final report upon the Red River Expedition, dated 26th September, and marked A.

I had instructed Colonel Wolseley, after he had assisted the Militia Officers in making arrangements for feeding and lodging the force left at Red River for the winter, to resign his command into the hands of the Senior Canadian Officer, and to return to Canada. As he overtook the companies of the 60th Rifles on their return route, he was to give over charge to Colonel Fielden, and to join at Montreal in order that he might embark with me and the Head-Quarter Staff for England in this vessel on the 1st October, 1870.

This plan was perfectly carried out. Colonel Wolseley is on board with me, and all the 60th will have reached Ontario, I hope, before this.

Colonel Wolseley, in his report, recalls with proper pride the difficulties of his enterprize, and the discipline and endurance of the troops, Imperial and Canadian, which enabled him to surmount them.

As to the physical difficulties of the route, they can only be thoroughly understood by reference to the very full and valuable diary kept by Colonel Wolseley, and which is now in the hands of the Quartermaster-General, Horse Guards. The opinion formed of them by the Hon. Mr. Archibald, Lieutenant-Governor of Manitobah, who followed in Colonel Wolseley's track, will be seen from the enclosure B. I can also bear testimony to the difficulties of the route, having personally witnessed them when I inspected the road from Lake Superior to Shebandowan, and met the boats passing up the Kaministiquia early in July.

But other difficulties surrounded the Expedition, and distinguished it from its predecessors. These arose—

From its size, as compared with Colonel Crofton's and Major Seton's forces, and its mixed character;

From the necessity of taking over, and adopting, arrangements made by the Public Works and Militia Departments of Canada before any Military authority had been consulted;

From the opening out of a permanent communication with the North-West being mixed up with the progress of the Expedition;

And, lastly, from the possibility of opposition either from Fenian or other American sympathizers, or from our own people, whether settlers or Indians. This latter consideration, joined to apprehensions as to supplies of food in consequence of the disturbed state of the settlement, necessitated an advance with every precaution, and with three months' supplies and good reserves of ammunition.

All these difficulties have been surmounted by Colonel Wolseley and his Force.

I join with him in laying much stress upon the advantages to health and discipline resulting from the non-issue of a spirit ration, and I trust that its days are numbered in the British Army; but I attribute the good temper and endurance of the troops to the example of their Officers.

The mainspring of the whole movement was the Commander, Colonel Wolseley, who has shown throughout great professional ability. He has the faculty of organization, and resource in difficulty. He has served in many campaigns with distinction, and in this Expedition he has shown great aptitude for command.

It was entirely owing to him that, when the impossibility of using the road to Lake Shebandowan for the transport of boats became apparent, they were sent up the Kaministiquia, a route that had been pronounced impracticable for them. Had not this step been taken, the Regulars certainly could not have returned this season.

During the actual advance along the canoe route, Colonel Wolseley was in constant movement, sometimes in front, marking out the roads across the portages; sometimes in rear, organizing and superintending the brigade of boats.

His advance upon Fort Garry itself was conducted with skill and prudence.

On arrival there, he found himself in a country in a state of violent political excitement and discord, and without any civil government; and where his Force was the only representative of law and order, owing to the delay in the Lieutenant-Governor's arrival. His proceedings on this occasion, in desiring the Chief of the Hudson's Bay Company to assume the Government, and in abstaining from all interference with civil affairs himself, seem to me to have been eminently judicious.

I hardly think it possible to overrate the advantage Her Majesty's Government and Canada have derived from the employment upon this delicate as well as arduous service of an officer of Colonel Wolseley's attainments, character, and discretion. I have esteemed myself very fortunate in having such an instrument in my hand to carry out your orders with respect to the Red River Expedition.

I therefore confidently recommend Colonel Wolseley to the gracious favour of Her Majesty.

Colonel Wolseley bears testimony to the admirable conduct in all respects of the whole force, and he also brings to notice several of the officers who served most prominently under him, and who assisted him with their cordial support.

Colonel Fielden, Commanding 1st Battalion 60th Rifles, is an excellent officer. He was actively employed from the first in assisting to get the Militia Battalions into order, for which duty the highly efficient state of his own battalion showed that he was markedly qualified. He commanded the leading brigades in their advance, and throughout showed all the qualities of a good soldier. He was second in command.

The Governor-General kindly placed the services of his Military Secretary, Lieutenant-Colonel McNeill, at my disposal, and I gladly accepted them, as I was in want of energetic Field Officers. Lieutenant-Colonel McNeill was extremely useful to Colonel Wolseley, and is an excellent Staff Officer.

Brevet Lieutenant-Colonel Bolton, R.A., was the Deputy-Assistant Adjutant-General of the Force, and he was much employed on detached duties. His position at the Sault St. Marie at the outset of the Expedition was most difficult and responsible. In his absence Captain Huyshe, Rifle Brigade, Orderly Officer, satisfactorily performed the staff duties near Colonel Wolseley.

Colonel Wolseley also expresses his obligations to the Militia Staff Officers attached to him, Major McLeod and Lieutenant Denison.

You will be gratified to observe the tribute Colonel Wolseley pays to the Control system, as it worked upon this Expedition, under the able direction of Assistant Controller Irvine.

The medical duties were satisfactorily regulated by Surgeon-Major Young, 60th Rifles, as Principal Medical Officer.

Amidst the stirring military and political events now taking place in Europe, the happy solution of the Red River difficulty, without bloodshed or political entanglements, may attract less attention than it deserves; but I know that the merits of the officers and soldiers who took part in the Expedition will meet with due recognition from you, to whom the importance of the service rendered is known, and before whom all the details of the operation have now been laid.

I have, &c.

(Signed) JAS. LINDSAY, *Lieut.-General.*

Enclosure 1 in No. 26.

A.

Colonel G. J. Wolseley to the Military Secretary, Montreal.

Sir,

S. S. "Chicora," September 26th, 1870.

IN continuation of my previous reports upon the progress of the Red River Expeditionary Force, I have the honour to state that the Regular Troops embarked at Fort Garry upon their return journey by detachments between the 29th August and the 3rd September, with the exception of one Company of the 60th Rifles, which I was enabled to send by land to the north-west corner of the Lake of the Woods, where it embarked on the 11th instant.

Immediately upon receiving your instructions directing me to return as quickly as possible to Canada, I made arrangements for doing so, and having left Fort Garry on the 10th, I reached Prince Arthur's Landing on the 22nd September.

H

All the troops except one Company of the 60th, and the Detachments of Royal Artillery and Royal Engineers, had reached Rainy River by the 15th instant, having safely ascended the dangerous rapids of the Winnipeg River. Judging from the time that the several companies took in going from Red River to Rat Portage, I have every reason for supposing that the last brigade of boats will have reached Lake Shebandowan by the end of this month.

I made all the necessary arrangements for the embarkation of the Regulars at Prince Arthur's landing before I left that place on the 24th instant.

The objects of the Expedition have been successfully accomplished without loss of life, and I take the liberty of again bringing to your notice the admirable conduct of the troops engaged in it. I have no hesitation in saying that the excessive labour so cheerfully endured and so equally shared in by all ranks, has never been surpassed in any previous military expedition.

The Regular Troops and Militia vied with one another in their enthusiastic anxiety to push forward, each being mutually determined that neither should out-do the other. This praiseworthy rivalry enabled them to make the entire distance of over 600 miles in about $7\frac{1}{2}$ weeks, carrying with them their provisions for 60 days, two 7-pounder guns with their equipment, a large amount of ammunition and hospital and other stores, all of which had to be carried on their backs over 47 portages, making a total distance of more than 7 miles. Where Officers see such an example in carrying heavy loads, their men as might be expected, imitated them unhesitatingly.

It must not be forgotten that Shebandowan Lake, where the force finally embarked, is over 800 feet above the level of Lake Superior, and that with the exception of a few boats transported on wagons, all had to be dragged up that height by manual labour over the portages of the Kaministiquia River; this will convey an idea of the work performed at the outset of the Expedition.

From the 25th May (when the first detachment disembarked at Prince Arthur's Landing) to the 16th July (when the 1st brigade of boats made their final start for Fort Garry) the men were constantly employed in landing stores, road-making, and getting their boats up to Shebandowan Lake. During that time they also constructed a strong square redoubt for the protection of the storehouses, &c., at their base of operations, Prince Arthur's Landing. During the 13 weeks which elapsed between the disembarkation at that post, and our marching into Fort Garry, it rained upon 45 days, and upon many occasions every one was wet for days together. Notwithstanding the magnitude of the labour, the exposure to inclement weather, and the great annoyance from mosquitoes thus endured, there was not throughout the whole of this arduous operation the least murmur or discontent heard from any one. From first to last there was a total absence of crime, and I may add of sickness also. Never has any body of men on active service been more cheerful or more healthy.

This has been one of the few military expeditions where spirits have formed no part of the daily ration, and where no intoxicating liquor was obtainable. I consider that the above-mentioned happy results are in a great measure to be attributed to this fact. A large ration of tea was issued instead, and I found that the men worked better upon it than I have ever seen soldiers do upon any previous occasions where rum formed part of their daily allowance.

The duties in connection with this Expedition have been of a most peculiar nature. During our advance the force was necessarily divided into numerous detachments. No roads of any description existed in the country by means of which communication could be maintained between them. The modern inventions of steam, and the electric telegraph, &c., &c., which in these days play such a prominent part in war, could not be brought to assist us. We were launched out into a desert of trees and water, carrying everything we required with us, unable even to avail ourselves of the assistance of horses, or other draught cattle.

Once cut adrift from our base at Prince Arthur's Landing, until we had forced our way through the 600 miles of forests that separated us from the inhabited country at the Red River, we were beyond the reach of all assistance from the outside world, and had to rely upon our own exertions solely to carry us through. Except that we were armed with superior weapons, the Expedition might have been one of classic times, so primitive was our mode of progression, and so little assisted were we by modern appliances.

I beg to record my appreciation of the assistance I have received throughout from Colonel Fielden, commanding the 1st Battalion 60th Rifles. Previous to starting from Canada he was detailed to superintend the organization of the two Battalions of Militia then being raised for this service, a duty he performed to my entire satisfaction. He subsequently commanded the three leading brigades during the advance to Fort Garry. Upon them fell the arduous task of cutting out the roads across the portages, and fitting them with rollers to enable the boats to be dragged safely over them. This was done most efficiently under his supervision. I consider him to be one of the very best Regimental Officers I have ever known, and the admirable order existing in his battalion bears witness to his ability.

The services of Lieutenant-Colonel McNeill, Military Secretary to the Governor-General, having been placed at my disposal, I gave him at first the general superintendence of the embarkation at Shebandowan Lake. It was a duty requiring great good temper, judgment, and nice arrangement. It was most successfully carried out, notwithstanding the many difficulties he had to contend with. He proved himself throughout to be an able and energetic Staff Officer, and I consider myself most fortunate in having had him with me.

Lieutenant-Colonel Bolton, Royal Artillery, who was my Deputy-Assistant Adjutant-General, superintended the transit of the force over the road at the Sault St. Marie, between Lakes Huron and Superior. I always found him most anxious and energetic in the performance of his duties. As the entire force was seldom concentrated, I was obliged to employ Lieutenant-Colonel Bolton upon detached duty throughout nearly the whole operation, it being essential to have Regular Officers of his rank at several points. During his absence the duties of Deputy-Assistant Adjutant-General were well carried out by Captain Huyshe, Rifle Brigade, one of my Orderly Officers.

My other Orderly Officer was Lieutenant Denison, of the Canadian Militia, who is a most promising and zealous soldier.

Upon leaving Fort Garry, I handed over command to the Senior Officer of the Militia, leaving Major MacLeod, of the Canadian Militia, as Brigade Major to the Force remaining there; from what I have seen of him I consider him to be admirably qualified for the position, and to be one of the best of the Militia Officers belonging to the Expeditionary Force.

As regards the civil administration, I have to remark that the amalgamation of the many Civil Departments into one, that of the Control, was put upon its first practical trial in the field during this Expedition, with the happiest results. I found that having all the Civil Officers available for any sort of duty connected with administration was a great economy of labour, and enabled the duties to be performed by a much smaller number than could have been done formerly, when, under similar circumstances, it would have been necessary to have had an Officer of each department present at every post, and perhaps with each detachment of troops. A vast amount of useless correspondence is saved by the new system, and the administrative labour that must always more or less devolve upon an Officer Commanding a mixed force in the field, is greatly reduced, and his work facilitated thereby, giving him more time to attend to his important military duties. I was most fortunate in having such an able and energetic officer as Assistant Controller Irvine at the head of the administrative affairs of the Force. His arrangements throughout were admirable, and I can confidently say that no body of fighting men on service were ever better fed, or their wants better provided for, than were those comprising the Red River Force. When it is remembered that 150 miles intervened between the advanced and rear guards upon first starting from Shebandowan Lake, and that we were without the invaluable aid of telegraphic communication, the difficulties of the administrative duties may be partially appreciated. The numerous difficulties of providing for the wants of a force proceeding through such an extensive wilderness, under such circumstances, where there were no supplies of any description to be obtained, were overcome by Mr. Irvine's admirable arrangements.

Surgeon-Major Young, 60th Rifles, my Principal Medical Officer, made the fullest arrangements for the care of the sick and *wounded* (had there been any), and his exertions in that department gave me entire satisfaction.

I have never before been employed upon any duty in the field, where, owing to the peculiar nature of the service, and the work to be accomplished, the ultimate success depended so entirely upon the zeal and ability of the Company Officers. To all of them I am deeply indebted for the manner in which they carried out my orders.

In conclusion, I take the liberty of thanking the Lieutenant-General Commanding for the manner in which he forestalled our wants, and acceded to every application I made to him. It was the consciousness of having him behind me that made me throughout so sanguine of success.

I have, &c.
(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Forces.

Enclosure 2 in No. 26.

B.

Mr. Archibald to Colonel Wolseley.

Dear Colonel Wolseley, *Indian Mission, Red River, September 2nd, 1870.*

I TAKE the earliest opportunity in my power to congratulate you on the magnificent success of the Expedition under your command.

I can judge of the work you have had to do all the better from having seen for myself the physical obstacles that had to be met and overcome, obstacles which, I assure you, exceed anything I could have imagined.

It is impossible not to feel that the men who have so triumphed over such difficulties must not only have themselves worked well, but also must have been well led, and I should not be doing justice to my own feelings if I were not, on my arrival here, to repeat the expressions of admiration extorted from me, as I passed along in view of the difficulties you had to meet, and what you had so triumphantly surmounted.

I have, &c.
(Signed) A. G. ARCHIBALD.

No. 27.

Major-General the Hon. James Lindsay to the Secretary of State for War.

Sir,

War Office, October 18th, 1870.

I HAVE the honour to acquaint you that I have received information by cable telegram, that the whole of the companies of the 1st Battalion 60th Rifles, and the detachments of Royal Artillery, Royal Engineers, Army Service Corps, and Army Hospital Corps, employed on the Expedition to Red River, had arrived in Montreal by Friday, the 14th instant.

One man was left at Fort Garry with inflammation of the lungs; with that exception, the Regular Force returned to Canada with no sick, and with no casualty by drowning, or of any other description.

I have, &c.

(Signed) JAS. LINDSAY, *Major-General,*
late Lieut.-Gen. Commanding in Canada.

No. 28.

The Colonial Office to the Under Secretary of State for War.

Sir,

Downing Street, 27th October, 1870.

I AM directed by the Earl of Kimberley to transmit to you, for the information of Mr. Secretary Cardwell, a copy of a despatch from the Governor-General of Canada, enclosing copies of reports from his Military Secretary, Lieutenant Colonel McNeill, respecting the progress of the Red River Expedition.

I am to state that another despatch has been received from the Governor-General, dated the 13th September, enclosing the documents of which a list is annexed, relating to the same subject. Lord Kimberley presumes that the reports from Colonel Wolseley, enclosed in Colonel Earle's letters to the Governor's Military Secretary, have been received at the War Office, and he therefore thinks it unnecessary to enclose copies, but they will be forwarded if Mr. Cardwell should desire it.

I am desired to take this opportunity of enclosing a copy of a despatch which Lord Kimberley has addressed to the Governor-General, congratulating Colonel Wolseley on the successful result of the Expedition.

I am, &c.

(Signed) FREDERIC ROGERS.

Enclosure 1 in No. 28.

Sir John Young to the Earl of Kimberley.

My Lord,

Quebec, Canada, 13th September, 1870.

REFERRING to previous despatches, I have the honor to transmit herewith copies of further reports from my Military Secretary, Lieutenant-Colonel McNeill, V.C., announcing the arrival of the Red River Expedition at Fort Alexander on the 20th, and at Fort Garry on the 24th of August.

I have, &c.

(Signed) JOHN YOUNG.

Lieut.-Colonel McNeill to the Governor-General.

Sir,

Fort Garry, 24th August, 1870.

I HAVE the honor to report that Fort Garry was occupied by the regular troops under Colonel Wolseley at 10 o'clock this morning, without opposition.

Riel and his followers abandoned the place only a few minutes previous to our arrival. From the number of loaded muskets found in various parts of the buildings, and from the disposition of the guns, it was evident that almost up to the last they had determined to resist.

The troops at present occupy the buildings of the Hudson's Bay Company inside the Fort.

I have, &c.

(Signed) J. C. McNEILL, *Lieut.-Colonel,*
Military Secretary.

Lieut.-Colonel McNeill to the Governor-General.

Sir, *Fort Alexander, Mouth of Winnipeg River, 21st August, 1870.*

I HAVE the honor to report that I reached this place with Colonel Wolseley last night.

Detachments of Royal Artillery and Royal Engineers had arrived on the 18th, and the last company of regular troops came in shortly after Colonel Wolseley.

No accident of any sort had occurred, and the men are all in capital health.

Colonel Wolseley has ordered the Force to start for Fort Garry at 3 p.m. to-day, so that we shall probably reach that place on Tuesday morning, the 23rd.

The brigades of the Militia regiments are close behind, so that the Regulars will be able to start on their return journey after a short rest in the settlement; and as it is reported that the road from Fort Garry to the north-west angle of the lake of the woods has been made passable, it is probable that the troops will return by that route, their boats being conveyed up the Winnipeg river by voyageurs, the men thus being saved much severe labour.

The latest accounts from Fort Garry lead to the belief that Riel's adherents are deserting him, but also declare that they will not permit him to leave the settlement.

It is said that a meeting was held the other day, at which some 600 armed men were present to decide whether any opposition should be offered to the troops, but that nothing was decided on.

On arrival at Fort Garry I will report to your Excellency the position of affairs there.

I have, &c.
(Signed) J. C. McNEILL, *Lieut.-Colonel,*
Military Secretary.

Enclosure 2 in No. 28.

List of Enclosures in despatch from Governor-General of Canada to the Earl of Kimberley, dated Quebec, 13th September, 1870. No. 206.

LETTER from the Military Secretary to the Lieutenant-General Commanding in Ontario and Quebec to the Governor-General's Military Secretary, dated Montreal, 8th September, 1870.

LETTER from Colonel Wolseley to the Military Secretary, Montreal, dated Fort Francis, 9th August, 1870.

LETTER from the Military Secretary to the Lieutenant-General Commanding in Ontario and Quebec to the Military Secretary to the Governor-General, dated Montreal, 9th September, 1870, enclosing telegrams.

LETTER from Colonel Wolseley to the Military Secretary, Montreal, dated Fort Garry, 24th August, 1870.

Enclosure 3 in No. 28.

The Earl of Kimberley to Sir John Young.

Sir, *Downing Street, 14th October, 1870.*

I HAVE the honor to acknowledge the receipt of your despatches No. 197 of the 1st of September and Nos. 206 and 207 of the 13th of that month, enclosing, with other documents relating to the progress of the Red River Expedition, advices from Colonel Wolseley announcing his arrival at Fort Garry on the 24th of August.

I have perused with much interest Colonel Wolseley's clear and satisfactory account of the arrival of the Expedition. His despatches do not state to what subordinate officers credit is due for its successful prosecution, but I observe with pleasure that the conduct of the soldiers has been exemplary; and I am fully aware, that an operation which, before its commencement was alleged by competent authority to be beset with almost insuperable difficulties, could not have been thus accomplished without drawback and disaster, except by the forethought, energy, and vigilance of the Commanding Officer. Her Majesty's Government have pleasure in ascribing the results of this Expedition, the flight of Riel and his associates which, under the circumstances may be regarded as opportune, the relief of the orderly inhabitants from the state of apprehension in which they lived, and the restoration of confidence and prosperity, which will no doubt ensue, to the prudence, vigour and steadiness with which the directions of the Government have been executed both by Colonel Wolseley and the officers and soldiers whether of the Imperial or Canadian forces who have acted under his orders.

I have, &c.
(Signed) KIMBERLEY.

APPENDIX.

OFFICIAL Journal of the Red River Expedition.

*Wednesday,
May 4th, 1870.*

Departure from
Montreal to Toronto.

IN accordance with General Order of the 3rd May, 1870, Colonel Wolseley, commanding the Red River Expeditionary Force, accompanied by Lieutenant-Colonel Bolton, Royal Artillery, Deputy-Assistant Adjutant-General to the Expedition; Assistant Controller M. B. Irvine, in subcharge of the Expedition; and Captain Huyshe, Rifle Brigade, Orderly Officer to Colonel Wolseley, left Montreal by the 8:30 A.M. train for Toronto. They were accompanied by Lieutenant-General the Honourable J. Lindsay, his Aide-de-Camp Captain FitzGeorge, of the 23rd Regiment, and Lieutenant-Colonel Martindale, R. E., Deputy Controller. The Manager of the R. R. C., Mr. Cumberland, kindly furnished his own car for the use of the party.

*Thursday,
May 5th, 1870.*
Journey to Collingwood and back.

Arrived at Toronto at 3 A.M., and proceeded to Collingwood by special train at 9 A.M., accompanied by Mr. Cumberland and Mr. S. I. Dawson. Reached Collingwood at 1:30 P.M. Inspected the side-wheel steamer "Francis Smith," which was found to be a very fine boat, capable of accommodating 250 men and 40 horses. Then inspected the "Chicora," a very fast boat,* fitted up for passenger traffic, but large enough for 210 men and 24 horses if the ladies' cabin were appropriated. Returned to Toronto at 8 P.M. with the Captains and agents of these vessels, and of the "Algoma" also. A tariff on reasonable rates was arranged with them by Mr. Cumberland and Colonel Martindale, and the result was telegraphed to Ottawa; but an answer was received next day from the Dominion Government to "hold on," and make no arrangements, as the Honourable Mr. Campbell, the Postmaster-General, would undertake that duty.

*Friday, May 6th, to
Thursday, May 12th,
1870.*

Busily engaged at Toronto in organizing the Expedition, getting everything in order, selecting horses from K Battery Royal Artillery (of which 65 were taken), and completing the two battalions of Militia.

*Friday,
May 13th, 1870.*
Departure of Lieut.-
Colonel Bolton
for the Sault.

The 1st Regiment was soon completed, but the 2nd, or Quebec, Battalion could not fill its ranks, volunteering to it from the other Military Districts not being allowed. This Battalion was still 90 men short when Colonel Wolseley left Toronto, on the 21st instant.

Lieutenant-Colonel Bolton, Deputy-Assistant Adjutant-General, left Toronto by the 8:30 A.M. train for Collingwood, to superintend the putting up of fittings for horses on board the "Chicora" (these fittings are of the simplest description, and are fully described in the R. R. Book), and to proceed in her next day to the Sault St. Marie, there to remain in command. During his absence his duties devolved on Captain Huyshe.

*Saturday,
May 14th, 1870.*
Departure of two
companies 1st Ontario
Rifles for the Sault.

At noon, two companies (Nos. 1 and 4) of the 1st Ontario Rifles, under command of Captain Cook, left Toronto by train for Collingwood, where they embarked on board the "Chicora,"—together with 24 horses, a supply of stores, camp equipment, boats, &c.,—and sailed at 9 P.M. for the Sault, under command of Colonel Bolton.

Owing to telegraphic information from Ottawa respecting Fenian intentions, two more companies were ordered to proceed on Monday next, and a letter was written to Colonel Bolton (*vide* Confidential Letter Book, page 10).

*Monday,
May 16th, 1870.*
Departure of two
companies Ontario
Rifles for the Sault.

At 7 A.M., two companies (Nos. 2 and 3) of the 1st Ontario Rifles proceeded by train to Collingwood, under command of Major Wainwright, and embarked in the "Wanbuno," for the Sault. Surgeon Codd, 1st Rifles, proceeded in medical charge, to remain at the Sault. A proportion of camp equipment, stores, &c., was sent with this detachment.

*Saturday,
May 21st, 1870.*
One company 1st
Battalion 60th Rifles
from Toronto for
Thunder Bay.
Colonel Wolseley
and Staff ditto.

At 7 A.M., one company (G) of the 1st Battalion 60th Rifles under Captain Ward, proceeded by train to Collingwood, and embarked in the "Chicora" for Thunder Bay; 64 horses left Toronto at the same time, 24 of which with teamsters, 15 boats, about 75 voyageurs, stores, and camp equipment, were embarked in the "Chicora." Colonel Wolseley, Assistant Controller Irvine, Captain Huyshe, Lieutenant Denison, Doctor Young, 1st Battalion 60th Rifles, Principal Medical Officer to the Force, and Assistant Surgeon Robertson, Royal Canadian Rifles, in medical charge, accompanied this detachment.

The detachments of Royal Artillery under Lieutenant Alleyne, and Royal Engineers under Lieutenant Heneage, expected to arrive in steam-ship "Corinthian" from Montreal, were ordered to remain at Toronto till Monday, 23rd.

Three companies 60th Rifles from Ottawa (per steam-ship "Corinthian") were ordered, with one company 60th Rifles from Toronto, to proceed to Collingwood at 1 P.M. and embark on board steam-ship "Francis Smith" for Thunder Bay, together with 40 horses. The "Chicora" sailed from Collingwood at 6 P.M., in a thick fog. The day had been cloudy and overcast, with occasional and slight showers of rain.

* She had been built for running the blockades during the American War.

Passed to the northward of Great Manitoulin Island, having lain to during the night for four or five hours. At 9:30 A.M. stopped at Killarney to deliver the mails; through a narrow channel amongst barren rocky islands, covered with a growth of stunted pines. At 9 P.M. reached the Bruce Mines; stopped there for the night, the channel ahead being too intricate to attempt without day-light.

Bright sunny day and warm, little or no wind.

Started from the Bruce Mines at day-light, but lay to for an hour during a heavy storm of thunder and lightning, accompanied by hail and rain. Stopped at Garden Island at 8 A.M. to deliver mails. Reached the Sault at 8:45 A.M.; found the schooners "Pandora" and "Orion" lying at the wharf, loaded with boats and stores for Mr. Dawson's party: presently the propeller "Chickland" came and towed them off to the American canal. Colonel Bolton and Mr Simpson, M.P. for Algoma, came on board and reported a very cordial feeling as existing at present with the United States Commandant at Fort Brady, Colonel Offley. "Chicora" came alongside the wharf and landed troops and military equipment of all kinds, also two horses for the use of Colonel Bolton and Captain Nagle. The remainder of the horses, boats, stores, &c. being allowed through the canal.

The troops then marched to Colonel Bolton's camp, $1\frac{3}{4}$ miles distant, where they were temporarily put up in one of the barns of the Hudson Bay Company's post (for description of Camp, *vide* Colonel Bolton's letter from Sault St. Marie, dated May 17th). At 4:30 P.M. No. 1 Company (Captain Cook) of the 1st Ontario Rifles marched from the camp to the wharf at the upper end of the Sault, to embark on board the "Chickland" to accompany and protect the two schooners she was towing from any Fenian attempt. At 5 P.M. the company of the 60th left the camp and marched to the wharf, three-quarters of a mile, and embarked in a scow in two detachments, and were towed to the "Chicora" by a tug. The road from the lower to the upper end of the Sault, $2\frac{1}{2}$ miles, was found to be in good order, a great deal of work having been done to it since the arrival of Colonel Bolton, two bridges built, a wharf and a new scow capable of carrying 400 barrels, and other improvements. Found that the "Chicora" had been waiting for us two hours, which time might have been profitably employed by the Captain in coaling, and the loss of which occasioned a serious subsequent delay. Sailed from the Sault at 6:20 P.M., and stopped 5 miles up the river St. Mary, at Point aux Pins, for coal. Darkness coming on, the Captain decided to remain there all night. Opposite the Sault the river is about three-quarters of a mile wide at its narrowest part, but opens out considerably above the rapids.

Weather cloudy and threatening rain, fog came on after sunset.

Left Point aux Pins at day-light. At noon the men of the 60th came up on deck and gave three hearty cheers for the Queen.

Out of sight of land all day. Fresh breezes from north-west, a little sea on. Weather cloudy and very cold.

Sighted land early this morning, passed Thunder Cape about 7:45 A.M., and anchored off the end of the road to Lake Shebandowan at 10 A.M. Landed troops and camp equipment immediately, and Colonel Wolseley named the place "Prince Arthur's Landing" in honour of His Royal Highness. Encamped on a dry cleared spot, but limited, with the road on our right flank fronting the lake. Landed the horses (22) safely, and got all stores, boats, &c., ashore by 10 P.M. A tremendous fire last week devastated the country for miles around and burnt some of the smaller bridges on the road. Colonel Wolseley wrote to Colonel Earle, and sent a telegram to General Lindsay, of our safe arrival, to be forwarded from Collingwood.

Weather lovely; no signs of the "Francis Smith." "Chicora" left at 10 P.M. for the Sault.

Very cold during the night, but lovely day again. Colonel Wolseley left the camp on horseback at 8 A.M. to ride over the road with Mr. Russell. No signs of the "Frances Smith."

Men employed all day in making themselves comfortable.

"Algoma" and "Brooklyn" arrived at 3 A.M. "Chickland," with the two schooners "Pandora" and "Orion" in tow, at 11:30 A.M. Head-quarters and four companies of the 1st Battalion 60th Rifles under Major Robertson landed by 9 A.M. and encamped alongside the company already here. One company 1st Ontario Rifles under Captain Cook landed from "Chickland" at 2 P.M., and encamped about half a mile north-east of the main road, on a little clearing with a pretty trout stream flowing past their front; the lake on their right flank. Colonel Wolseley returned at noon, having ridden 31 miles over the road, the first 26 miles of the road in good order, but some of the smaller bridges burnt by the late fire. Men employed all day in unloading steamer "Algoma" and stacking stores under marquees. 32 horses landed from "Algoma" and "Brooklyn," some of them sick with bad colds and two injured on board "Frances Smith," having been gored by the oxen on board. Colonel Bolton reported bad behaviour on the part of the Captain of the "Francis Smith," who was drunk the whole way, and finally refused to go beyond the Sault without a guarantee of 65,000 dollars. (*Vide* Colonel Bolton's letter of 24th instant, Enclosure No. 5, page 35).

Working party employed the whole afternoon making a road from Head-quarters Camp to Camp of 1st Ontario Rifles.

"Algoma" left about 7:45 P.M. for the Sault, taking letters from Colonel Wolseley to the Military Secretary, and a telegram for the General, and official letters for Colonel Bolton, &c. Fine weather still continuing.

Two companies 1st Battalion 60th Rifles left the camp at 4 A.M. to be posted on the

Sunday,
May 22nd, 1870.
En route to the Sault.

Monday,
23rd May, 1870.
Arrival at the Sault, and passage of the "Chicora" through the canal.
Disembarkation of Colonel Wolseley and Staff, and one company of 60th Rifles at lower end, and re-embarkation at upper end.

Embarkation of No. 1 Company Ontario Rifles, on "Chickland," for Thunder Bay.

Tuesday,
May, 24th 1870.
En route from the Sault to Thunder Bay.

Wednesday,
May 25th, 1870.
Landed at Thunder Bay.

Thursday,
May 26th, 1870.

Friday,
May 27th, 1870.
Head-quarters 1st Battalion 60th Rifles, landed 18 officers, 213 men.
One company Ontario Rifles landed, 3 officers 50 men.

Departure of "Algoma," 7:45 P.M.

Saturday,
May 28th, 1870.

Two companies 60th left camp to work on the road, 5 officers and 87 men.

road as working parties, one company at the bridge over the Kaministiquia River, 21½ miles distant; the other at a lake on the left of the road, 15 miles. These parties to receive working pay from the Public Works Department at the following rates:—Serjeants, 2s.; Corporals, 1s. 6d.; Privates, 1s. per diem; and one timekeeper for each party at 2s. per diem.

Colonel Wolseley selected a site and commenced clearing it for a temporary magazine. Working parties occupied making a road to the camp of 1st Ontario Rifles. "Brooklyn" unloaded after a hard day's work; men working till 11 p.m. Fine day; fresh breeze from S.S. East, heavy surf on the shore.

Sunday,
May 29th, 1870.

Divine Service parade at 9 a.m., Rev. Mr. Wilson, a missionary to the Indians, officiated. A fatigue party of 12 men to finish stacking barrels. Another glorious day; strong breeze from east, got up with the sun, and working round to the westward; moderated at sundown.

The detachment that marched yesterday to the lake 15 miles up the road reported the water bad; marched one mile further and camped.

Monday,
May 30th, 1870.

Fine weather still continuing, with strong breeze. Surveyed the camp with prismatic compass and make a sketch, which is herewith enclosed. Working parties of 50 and 20 men employed all day, one party on the main road, about half a mile from camp, the other on the new road to Militia camp. Fatigue party of 25 men from 1st Ontario Rifles, magazine being proceeded with.

Tuesday,
May 31st, 1870.

	Officers.	Men.	Total.
Royal Artillery ...	1	19	20
Royal Engineers ...	1	19	20
1st Bn. 60th ...	1	25	26
2nd O. Rifles ...	...	1	1
	3	64	67

This detachment left Toronto 7:30 a.m. 24th. Left Collingwood in "Prince Alfred" midnight 25th. Arrived at Sault 6 p.m. 27th. Left Sault in "Clematis" 4:30 p.m. 29th. Reached Prince Arthur's Landing 5 p.m. 31st.

Working parties employed as yesterday. Fatigue party ditto. At 3 p.m. steamer in sight, proved to be the "Clematis" from the Sault, towing schooner scow "Snow Bird" with 35 tons of hay. "Clematis" anchored at 4 p.m., disembarked detachments of Royal Artillery, Royal Engineers, and 1st Battalion 60th Rifles (strength as per margin), and four 7-pr. bronze guns. Parked the guns and cartouch boxes in front of Quarter Guard tent. Did not disembark the ammunition. A small wharf in front of magazine was commenced to-day. Fine weather—very hot. Letter bag arrived with a few letters, but no papers. Colonel Bolton reported the hiring of "Snow Bird," "Clematis," and "Union,"

Wednesday,
June 1st, 1870.
60th Rifles, 25 officers and 79 rank and file. Left Toronto 7 a.m. 24th May. Left Collingwood in "Prince Alfred" midnight 25th. Arrived at Sault 6 p.m. 27th. Left Sault in "Union" 5 p.m. 30th. Reached P. Arthur's Landing 10:30 a.m. 1st June.

also that the "Algoma" had gone down to Collingwood, passing the Sault at 2:20 p.m. 29th instant.

Steamer "Union" in sight at 8:45 a.m. Sent tug out to bring her in; anchored at 9:30. One company and a-half 60th Rifles, under Captain Northey, landed and camped by 11 a.m. "Clematis" and "Snow Bird" unloaded and returned to the Sault, starting at 4 p.m. Letters written to the Military Secretary and Colonel Bolton, and marching in states forwarded to Deputy Quartermaster-General. Deputy-Assistant Commissary-General Myer sent per steam-ship "Clematis" to relieve Deputy-Assistant Commissary-General Fuller, ordered to Montreal. Wagons landed from "Union"; Reserve S.A.A. and ammunition for the guns landed at magazine wharf and stored there. Lieutenant Heneage, R.E. designed and commenced a palisaded earth redoubt, 25 yards by 15 yards, round the magazine, as a fort during the absence of the Expedition. Very hot weather.

Thursday,
June 2nd, 1870.
One company 1st Bn. 60th, detached to Kaministiquia river—2 officers and 45 rank and file.

The Militia put on as a working party, the 60th furnishing the fatigue for the wharf, also the working party for the main road. One company 60th marched at 4 a.m. for the Kaministiquia River, there to be stationed as an additional working party. Five wagon loads of stores sent off to Kaministiquia River as a commencement of a dépôt of supplies to be formed there. Mr. Dawson sent out his voyageurs to cut palisades for Lieutenant Heneage's stockaded fort, also began platforms as carriages for the boats—mounted 4 or 5 in this way. Weather very hot. Barometer falling, a threatening rain, but none fell. Woods apparently on fire, the air full of smoke, and haze. Unloading of "Union" still continued.

Friday,
June 3rd 1870.
Arrival of steam-ship "Chicora," 219 officers and men, 40 horses, 18 teamsters, 15 wagons.

Working and fatigue parties same as yesterday. Steam-ship "Union" finished unloading at 8 a.m. Twenty-five men and one officer 60th left the camp at day-light, with one day's rations to haul woods for the stockade. "Union" paid off and discharged. She sailed at 10 a.m. Steam-ship "Chicora" arrived and anchored at 8:30 p.m. Forty horses landed by 11:30 p.m. Mail bag and letters delivered. Four boats left camp for River Matawan, on wagons. Cloudy, and threatening rain. Slight shower about 10 p.m. Six wagon loads of stores sent off to Kaministiquia River.

Saturday,
June 4th, 1870.
1st Ontario Rifles, 17 officers, 201 rank and file. Staff officer, Lt.-Col. McNeill, V.C. This detachment left Toronto 7:30 a.m. 31st May. Left Collingwood 5:30 p.m. 31st. Arrived at Sault 5 a.m. 2nd June. Left Sault 5 p.m. 2nd June. Arrived at P. Arthur's Landing 8:30 p.m. 3rd June. 1st Bn. 60th Rifles, 3 officers and 34 rank and file, left at 6:30 a.m. for Lake Shebandowan by water

Disembarked head-quarters and four companies 1st Ontario Rifles at 4 a.m. Lieutenant-Colonel McNeill, V.C., arrived in "Chicora." A detachment of 60th Rifles embarked in six flat-bottomed boats, with 36 days' provisions, and were towed off at 6:30 a.m. by the tug to Fort William, where they took in two voyageur Indians in each boat, and started to go up the Kaministiquia and Matawin rivers to Lake Shebandowan. Employed all day in unloading the "Chicora." Working parties employed as usual; 15 wagons landed from "Chicora," also a collarmaker for the Land Transport Corps, and 18 teamsters. Information received from Colonel Bolton that Mr. Hamilton had hired by his order the steam-ship "Artic" for 25 days at 400 dollars per diem. Orders sent to Colonel Bolton to break off contract with "Artic" as soon as possible, as she will not be required.

(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

Camp, Prince Arthur's Landing,
Thunder Bay, 4th June, 1870.

A copy of the Specification for the rough fittings put up in the steamer conveying our horses is forwarded herewith. Also a survey of the Camp by Captain Huyshe, 1st Battalion Rifle Brigade accompanies this Journal.—G. J. W.

*For the Quartermaster-General
of the Army, Horse Guards.*

TRANSPORT OF HORSES BY LAKE.

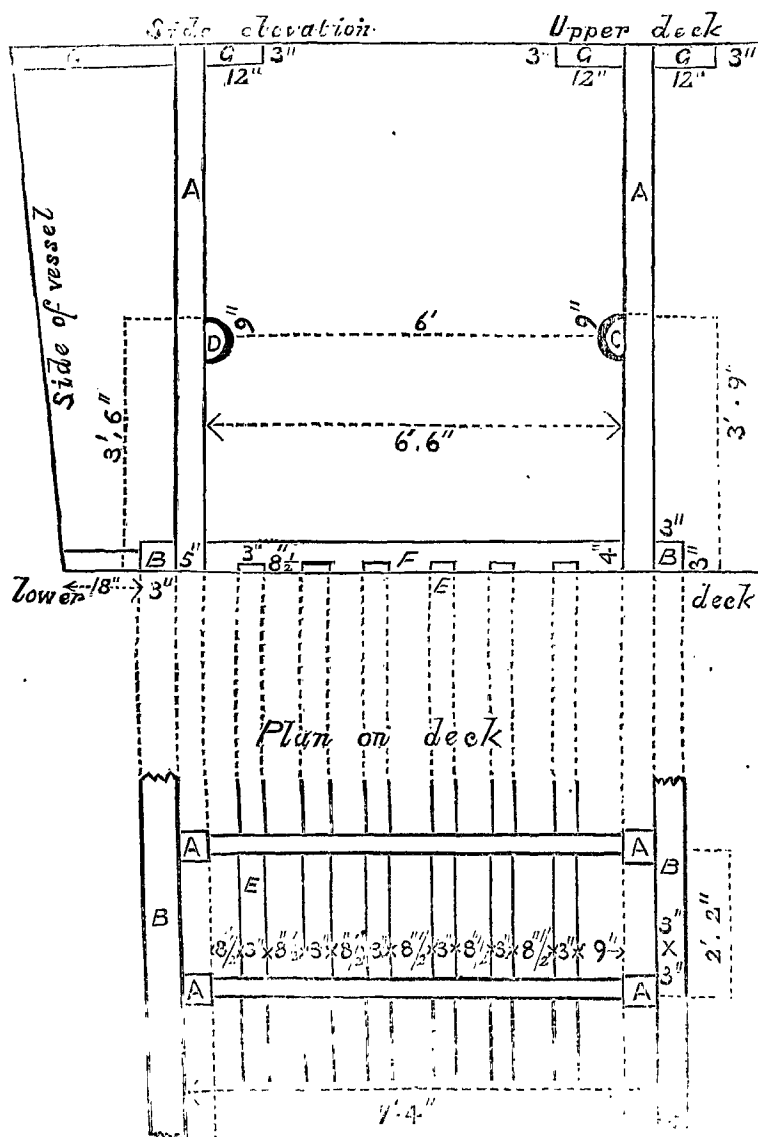
Toronto, 14th May, 1870.

SPECIFICATION of rough fittings required for horses in the steamers plying between Collingwood and the Sault St. Marie, and for those plying between that place and Thunder Bay.

As the voyages are so short, and as very rough weather is not anticipated, it is not intended to place parting bars between the horses, nor provide them with hammocks.

The fittings will be of the simplest description, as follows:—

Two *cants* of scantling, 3 in. by 3 in. (marked "B" in Sketch), to be laid down *Cants*.



on the deck running fore and aft, with a clear space between them of 7 ft. 4 in. The outside one being, if possible, at least 18 in. from the side of the vessel. They will be firmly spiked to the deck; a spike to be driven at every 12 in.

Upright *stanchions*, 5 in. by 5 in. (marked "A" in Sketch), to be placed inside the *Stanchions*. *cants*, and extending between the two decks, to which they will be secured by spikes driven obliquely, and by *cleats* (marked "G" in Sketch) of 3-in. timber placed round them. These cleats to be spiked to both decks; the cleats to the rear stanchions to extend to the side of the vessel. The stanchions to be 2 ft. 2 in. apart from centre to centre.

A *Breast-piece* (marked "C" in Sketch) 9 in. deep, of 3 in. stuff, to be secured to the inside of the front stanchion by countersunk screws, so that its upper side may be 3 ft. 9 in. above the deck: it must be planed all over its inner side; its upper and lower corners on inside being rounded off so as not to scratch the horses.

A *Haunch-piece* (marked "D" in Sketch) 9 in. deep, of 3-in. plank, to be secured by countersunk screws to inside of rear stanchions, so that its upper side may be 3 ft. 6 in. above the deck. Its inner and upper sides to be planed over, the corners being rounded off smooth.

Cross battens.

Six *cross battens* (marked "E" in Sketch) to be secured to the lower deck, fore and aft, with countersunk nails. They will be 3 in. wide and 2 in. deep, and be placed at intervals of 11 in. from centre to centre, except the two middle ones, which will be 12 in. apart.

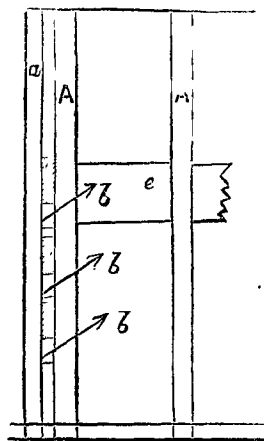
A longitudinal batten (marked "F" in Sketch) 4 in. deep and 3 in. thick will extend between each front and hind stanchion. It will be scored to fit over the cross battens, and spiked to the deck below.

The horses will be secured by their halters to the front stanchions, an extra piece of rope being used, so that the head of each horse may be secured on both sides.

They will be fed with corn from nose-bags, with which each horse is to be provided before embarkation. The teamsters in charge of them must make the best arrangements they can on board for feeding them with hay.

At each row of horses, the end which it is not necessary to use for walking the horses into their places through, is to be closed by 3 in. boards, securely nailed to the outside of the stanchions.

The upper side of the upper board being 3 ft. 9 in. above the deck.



When the horses have been placed in position, and their heads secured, as already described, the end of the row through which they have been led into their places, is to be closed by three 3 in. boards, and kept in position by means of two 3 in. planks (*a*), so as to leave a space of 3½ in. between them and the outside of the end stanchion. Three small pieces of plank (*b b b*) to be nailed between them and the stanchions, upon which the three boards can rest, when they are shoved through the space between these upright planks and the stanchions, as shown in the margin.

(Signed) G. J. WOLSELEY, Colonel.

Sunday, June 5th,
1870.

DIVINE Service parade at 9 A.M., Rev. Mr. Wilson officiated. All the Troops in camp attended.

Land Transport Corps—

	Horses.
Present	40
On Duty	32
Sick	22
Total	94

26 wagons sent off with stores and boats.

Fine morning, but hot. Thermometer fell from 70° Fahr. to 60° in one hour; clouded over, but passed off without rain. In the afternoon the officers went over to Fort William in the tug, and went up the Kaministiquia River to Point de Meuron, 10 miles; river broad and deep, 10' to 14'. Scenery very pretty. Four boats sent off up the road this morning, and 18 wagon-loads of stuff.

Monday, June 6th,
1870.

Colonel Wolseley and Mr. Irvine started on horseback at 4 A.M. to ride up the whole length of the road, intending to return to camp on the 8th instant, by the Kaministiquia River.

Land Transport Corps—

	Horses.
Present	56
On duty	18
Sick	20
Total	94

7 wagons sent off with stores, &c.
6 carts employed in camp.

Heavy storm of rain set in about 5 A.M., with gale from the north-east, which raised a heavy surf on the shore. About a dozen of the Red River boats, which were moored in a line to the floating scow, broke adrift, and drove on shore; they were got safely ashore, and hauled up on the beach, only three being at all damaged, two slightly, and one severely. This boat, "clinker-built," had torn away the wooden triangle between her bows, and started three planks, breaking them off from the stern and splintering them badly.

Rained steadily till about 10 A.M., when it gradually cleared off. The afternoon was fine and warm. Gale moderated about noon. No working party out to-day, but the stockade was gone on with in the afternoon. Many of the horses returned to-day badly galled from ill-fitting collars and saddles.

Tuesday, June 7th,
1870.

Land Transport Corps—

	Horses.
Present	20
On Duty	52
Sick	22
Total	94

11 wagons sent off with boat and provisions, 1 A.M.; 11 ditto with Commissariat stores and hay, 6 A.M.

Sent off 12 boats by road at 4 A.M., and 13 wagons of stuff at 6 A.M. Working party (50 of 60th) out to day, and fatigue parties of 1st Ontario Rifles on stockade, &c. Set Mr. Benson's party of voyageurs at work to clear the burnt logs and stumps from the open ground on the other side of the 1st Militia Camp, to make a camping ground for the 2nd Quebec Rifles. Weather cloudy and rainy; frequent showers in the morning and afternoon.

Wednesday, June 8th,
1870.

Rained hard during the night, and till 2 P.M. Road very heavy. Did not send off any boats or wagon-loads of

stores. Colonel Wolseley and Mr. Irvine returned about 7:30 P.M., having ridden to the extreme end of the road, 37 miles, and having been thoroughly drenched during nearly the whole time they were away. They returned by the River Kaministiquia, and met Captain Young's party with the six boats, which left on Saturday morning, about 5 miles below the bridge over the Kaministiquia River. They had got their boats safely up all the portages (including the steep portage round the Kakabeka Falls), and had cleared the portages and cut skids to drag the boats over on. They reported the feasibility of transporting boats by the river route. Steamship "Algoma" arrived at 10 P.M., delivered mails that night. Several of the boats that were sent off yesterday arrived at their destination badly damaged through careless driving. Two of them very seriously injured.

Disembarked 18 horses, 6 bullocks, and 80 labourers for the road at daylight. Two companies of the 2nd Quebec Rifles, under Lieut.-Colonel Cassault, with Major MacCleod and Head-Quarters of that battalion (strength as per margin) landed at 7:30 A.M., and were encamped on the opposite side of the stream to 1st Ontario camp. Colonel Wolseley had an interview with Mr. Dawson, and informed him of the success of Captain Young's party, and requested him to send on more boats by the river route; at the same time offering him the services of the troops for the boats. Mr. Dawson promised to send up five or six more boats that evening with voyageurs and Indians, but declined the services of the soldiers. Weather cloudy and cold, but no rain. Fatigue party on the stockade. Nine men in hospital. "Algoma" sailed during the night, bearing the usual letters and despatches, &c., from Colonel Wolseley to the General. No wagons or stores sent up the road.

Mr. Dawson sent off six boats at 8 A.M. with 7 voyageurs and two Indians in each boat, one clinker built, the rest carver. By road were sent up this morning 4 boats and 14 wagon loads of stores, and an order to Captain Ward at the Kaministiquia River to send on to-morrow a serjeant and nine men, to be camped at the Matawin Bridge, and to take charge of all supplies there till the arrival at that place of Captain Young's party. Letters written to the Military Secretary respecting an officer to command the post here, and about the purchase of the four mountain guns by Dominion Government; also to Mr. McIntyre, at Fort William, to know latest safe date for leaving Fort Francis on return; and to Colonel Bolton for latest date of closing the Sault Canal. Working parties as usual on stockade and redoubt. Weather cold, and damp, and showery.

Frequent showers during the night. Barometer rising a little towards morning. Sent off 14 wagon loads of stores and a Non-commissioned Officer of Army Service Corps to the Matawin Bridge to look after the stores now being accumulated there.

Working parties on stockade and redoubt. Letter from Captain Young received, reporting his arrival at Kaministiquia Bridge, as follows:—

"Left the camp, Thunder Bay, at 6:45 on the 4th, and "were towed to Fort William, where we halted to take on "board 18 Indian voyageurs, and also some poles and towing "or tracking lines, those which we had with us being deemed "too heavy by Mr. McIntyre who kindly gave us others that "proved of the greatest use, indeed, without them it would "have been difficult, if not impossible, to reach this; the "spikes for the end of the poles were, however, of no use, "socket spikes being the only ones of any use.

"The Indians were unprovided with any cooking utensils or vessels to eat and drink "out of, so that we had to lend them those provided for the use of the detachment, and "together with having only three frying-pans, increased the delay for meals at halting "places. We left Fort William at about 9 A.M., and rowed up the Kaministiquia to Point "Meuron, where we arrived at 12 noon, and halted to dine, and then we discovered that

Land Transport Corps—			Horses.
Present	..	..	70
On duty	..	..	6
Sick	..	..	18
Total	..	..	94

3 wagons sent off with stores; roads too deep for loaded wagons.

Discmbarked from "Algoma," Head-Quarters of 2nd Quebec Rifles—

Officers	..	..	12
Men	..	..	95
Labourers	..	..	80
Horses	..	..	18
Bullocks	..	..	6
Teamsters	..	..	13
Red River boats	..	..	12

This detachment left Toronto 4th June, 7 A.M. Left Collingwood 4th June, 3:30 P.M. Arrived at Sault, 6th June, 9 P.M. Left Sault, 7th June, 11 A.M. Arrived at Prince Arthur's Landing, 8th June, at 10 P.M. Disembarked, 9th June, at 6 A.M.

Land Transport—			Horses.
Present	..	..	70
On duty	..	..	6
Sick	..	..	36
Total	..	..	112

3 wagon loads for Mr. Dawson to Kaministiquia River.

In hospital—			Men.	Friday, June 10th, 1870.
1st Bn. 60th	..	..	5	6 boats by water, 4 by land, and 14 wagon loads of supplies.
1st Ontario	..	..	5	
2nd Quebec	..	..	1	
Total	..	..	11	

Land Transport Corps—			Horses.
Present	..	..	47
On duty	..	..	44
Sick	..	..	21
Total	..	..	112

14 wagons sent off with commissariat stores, 2 with forage, and 4 with boats.

In hospital—			Men.	Saturday, June 11th, 1870.
1st Bn. 60th	..	..	5	
1st Ontario	..	..	4	
2nd Quebec	..	..	1	
Total	..	..	10	

Land Transport Corps—			Horses.
Present	..	..	46
On duty	..	..	44
Sick	..	..	22
Total	..	..	112

15 wagons sent off at 7 A.M. 1 bullock and 6 horse carts employed in camp. 5 boats despatched by water.

“the Indians had not been rationed for that day as our men were, so we had to open the stores for them. We proceeded again about 1.45, and after rowing about two miles farther, came to rapids, where we had to lay the oars aside, and take to poling and tracking for six miles farther, when we camped. Being a fine night the tents were not pitched, but the men suffered a good deal from flies, as they have, indeed, done during the whole way, the mosquito nets provided for them being almost useless after a day or two, as they tear easily in tracking or walking in the bush. We started early on the 5th, and arrived at Portage Parisian at 9 A.M. Portage 350 yards, but the Indians managed to take the boats up the rapids, so that only the stores, rifles, &c., were carried by land. We went on again at 10.30 A.M., and poled and tracked until 12 noon, when we had to run ashore from a violent thunderstorm, which wet the stores considerably, notwithstanding that they were covered with (so called) waterproofs.

“We stopped at 1 P.M. for dinner at the point where White Fish River meets the Kaministiquia, and went on again at 2.20, tracking and poling, also a little rowing, but very little of the latter, and arrived at the foot of the Kakabeka Falls about 6 P.M., and camped. For the last half-mile the Carvel boats had to be taken up by the Indians alone, and the men of the detachment belonging to them marched along the bank through the bush. On the morning of the 6th it rained heavily, so we did not get to work until 8 A.M., after breakfast, when the Indians began to cut a portage road, and our men to take stores, &c., across the portage, which I found to be about 1,750 paces. After dinner, a considerable part of the road being made, we carried the boats up to the top of a rocky hill, the angle at least 45°; it was very hard work, especially with the Carvel boats, the red boats (flat-bottomed) being got over with considerably less difficulty, indeed, they seem, so far, much better than the others, except in pulling through still water, where, as six oars can be used against four in the others, they have an advantage.

“We got the stores, boats, &c., over the portage by 7 P.M., and as it threatened rain, I only moved one tent as a guard-tent for the stores, &c., and early on the 7th we embarked everything, and pulled for about a quarter of a mile to another portage, which I made to be 1,100 paces; this portage was very rocky, and it took us until 5 P.M. to get boats, stores, &c., over and re-embark.

“We then went on for about one and a-half miles to another portage, where, however, the Indians got the boats up, and our men portaged the stores; this occupied us until 7 P.M., when we camped. The following morning, the 8th, when I met you and Mr. Irvine, was very wet, and continued so until late in the afternoon, when the Indians took the two Carvel boats up the remainder of the rapid; the river rose considerably (at least 2 feet) from the previous rain.

“On the morning of the 9th we started again at 4 A.M., and went on to portage De L'Isle, which is over an island, and very short, only about 50 paces; then we went on to another portage a couple of hundred yards off, where the stores, &c., were disembarked and carried across, and the men breakfasted. After breakfast the Indians felled trees and made a portage road about 700 paces; when it was finished we got the boats over and re-embarked, but soon came to another portage of about 500 paces, and got stores, &c., over and dined; the Indians then made another road, and we took the boats over, and went on again through several rapids very close together, when the men of the detachment had, in nearly every case, to disembark, and the Indians took the boats up, assisted by tracking lines, hauled by our men, until about 6.30 P.M., when we camped; and this morning, the 9th, we started about 7.30, the men having previously breakfasted. It rained hard until 6.30, so I thought it advisable not to go on, but as it cleared about 6.30, I had tea made, and gave the men breakfast, and came on here without much difficulty, except at one place, where a portion of the stores we carried overland for 420 paces, the Indians poling the boats up the rapids with the remainder. The route which we came by would, I consider, be very destructive to the clinker-built boats; those we have are a good deal scratched, and in some instances there are dents in the sides and bottoms, though nothing of any consequence.

“In accordance with your instructions I propose going on to the Matawin Bridge tomorrow morning, and must, I fear, leave all the boats there. The Indian voyageurs say it would be impossible to take the large boats to the Shebandowan Lake, and they also want to go back to Fort William, saying that they were only engaged to go to this place, and saying that this was the Matawin Bridge; but they have been prevailed on by C. Gaumond, Mr. McIntyre's agent, to go on to the Matawin Bridge; they say it is a very hard bit of river, and though only five miles, it will take us a day and a-half. I fear some portion of our biscuit and other stores will be found damaged by wet, but it was impossible, considering the weather we have had, to be otherwise. If any other boats are to be sent by the route I have come, I would advise that as few provisions as possible might be sent, as they are difficult to portage, and spoil from wet, which cannot be avoided, as in poling the boats in rapid water a good deal of splashing occurs, and the waterproof covering becomes displaced. The steering apparatus for the larger boats did not seem to answer well, or it might have been that the rudders and tillers were not the ones made for the boats they were on. I will send in another report when I return from the Matawin Bridge.”

In hospital—	Men.
1st Bn. 60th ..	5
1st Ontario ..	4
2nd Quebec ..	1
	—
Total ..	10

Weather cleared up at 2 P.M. One of the teamsters refused to start on Sunday with a load; he was put into the guard-room, to be discharged and sent to Toronto by the next steamer. A boat was given to each of the two Militia Corps to practice rowing.

Showery again this morning, preventing Divine Service parade.
Sent off 12 wagon loads of stores. The Indians from Captain Young's party returned here at 7 A.M. from the Matawin Bridge; they were given some bread, &c., and sent off in a boat to Fort William. Letter received from Captain Young reporting his arrival safely at the Matawin Bridge. The water in the river being very high, they had no portages. He reported all his boats in a serviceable condition.

			Sunday, June 12th, 1870.
In hospital—			
		Men.	
1st Bn. 60th	..	8	13 wagons sent off at 7 A.M.
1st Ontario ..	..	3	15 wagons not returned sent off yesterday.
2nd Quebec..	..	2	
Army Service Corps.		1	
Total ..	..	14	
Land Transport Corps—			
		Horses.	
Present ..	..	34	
On duty ..	..	56	
Sick ..	..	22	
Total ..	..	112	

Rained hard during the night. Weather mild and damp. Sent off 18 wagon loads of stores. Monday, June 13th, 1870.

The following is the way in which stores are landed here from vessels in the Bay :—
The depth of water at the end of the pier, about yards from shore, is 4' 6", but it deepens gradually, till, at 150 yards from shore (where is moored a floating raft buoy), it is 13' 6" in depth, and it increases to 3 and 4 fathoms at 400 yards from shore, with good holding ground on a sandy bottom. Moored to the buoy is a large wooden scow, plans and specification of which are enclosed. This scow when unloaded draws about 6" of water, and is capable of carrying

In hospital—			
		Men.	
1st Bn. 60th	..	8	
1st Ontario ..	..	3	
2nd Quebec..	..	2	
Total ..	..	13	
Of these 4 are venereal, 3 rheumatic, 1 dysentery.			

tons, or about 500 barrels of pork; it is always able to come alongside the pier. When calm vessels anchor close to the floating raft buoy, and are speedily unloaded by means of the scow, which is hauled alongside by a rope passing from the pier to the vessel, and in this way backwards and forwards between the pier and the vessel. When blowing fresh from the E. or S.E., an ugly surf gets up, and vessels lie out half-a-mile or more from the shore, and can only be unloaded by means of a tug. For this purpose a small tug has been hired at 200 dollars per week, which tows the scow to the vessels and back to the pier. This tug has also been used in towing boats from Prince Arthur's Landing to Point de Meuron, 10 miles up the Kaministiquia River, and has been very useful in other ways. Steamers like the "Chicora" and "Algoma" can be unloaded in one day, and larger vessels in one-and-a-half to two days.

Horses are landed in the scow in the same manner as stores, 20 at a trip, and no accident whatever has as yet occurred. Indeed, the scow has proved invaluable, were it not only for landing the horses. There are two piers side by side, one of which is 90 feet long by 14 broad, and the other 54 feet long by 26 feet broad. The former is made of open crib-work, sunk by heavy stones, and boarded over with logs. The latter of piles driven into the ground, with open crib-work filled with heavy stones, and boarded over with squared logs.

Steamship "Chicora" arrived at 2:40 P.M., bringing the remaining two companies of 1st Ontario Rifles, 18 oxen, 8 wagons, and 18 carts.

(Signed) G. J. WOLSELEY, Colonel,
Commander of Expeditionary Force.

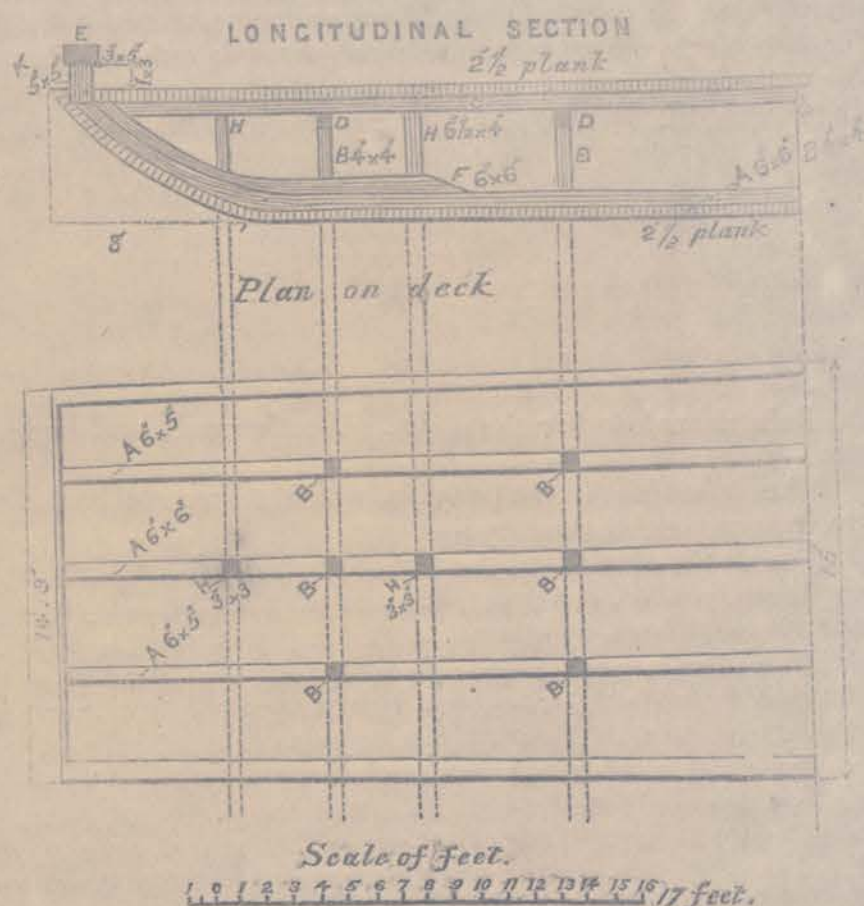
Arrival of steamship "Chicora" at 2:40 P.M., 2 companies 1st Ontario Rifles, 6 officers, 102 rank and file, 18 oxen, 8 wagons, 18 carts, labourers, &c., &c.

The Deputy Quartermaster-General, Canada, for the information of the Lieut.-General Commanding in British North America, and for transmission to the Quartermaster-General of the Army, London.

(Signed) G. J. W.

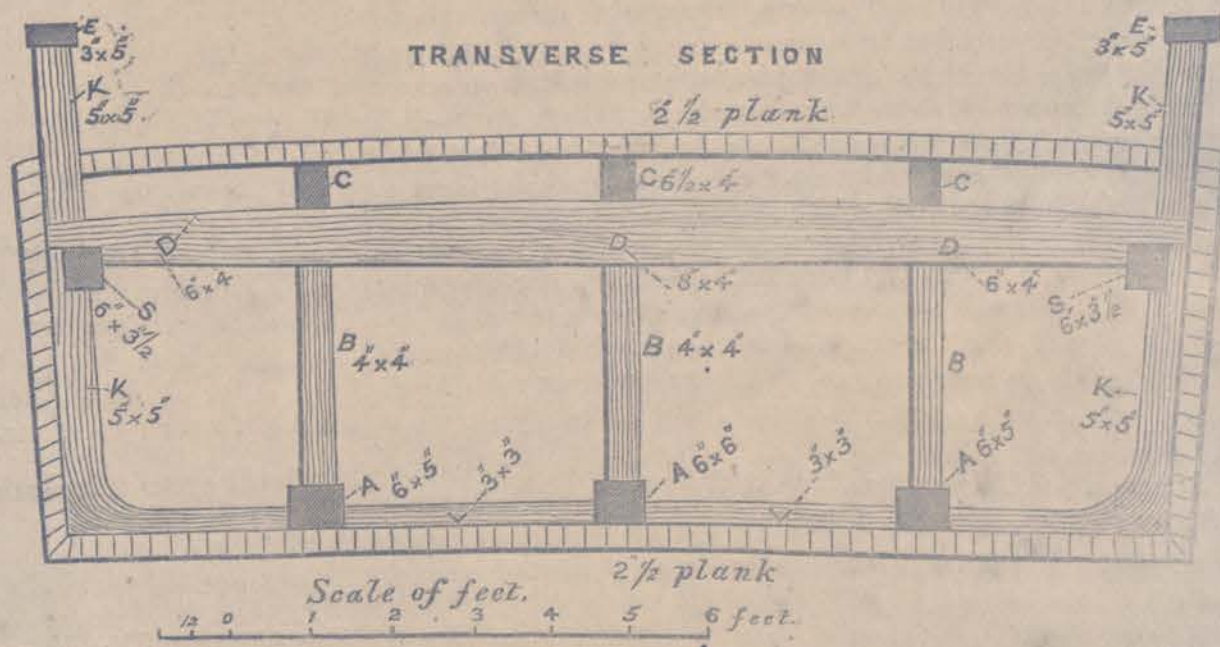
SPECIFICATION OF SCOW employed in landing stores at Prince Arthur's Landing.

Thunder Bay, June 13th, 1870.



	ft.	in.
Length over all	55	6
Breadth at stem and stern ..	14	3
Breadth in middle	15	0
„ in lower deck	14	0
Inside depth	4	6

Built of 2 1/2-inch plank. Draws, when empty, 6 inches of water.



On lower deck three "kelsons" (marked A in sketch), the centre one 6 in. by 6 in., one on each side of middle; one half way between it and side of scow, 6 in. by 5 in. The centre kelson is strengthened at the ends by an additional piece of 6 in. stuff (marked F).

On kelsons are upright stanchions (marked B in sketch) of 4 in. by 4 in., six in number.

On the centre kelson are two additional stanchions at each end (marked H) of 3 in. by 3 in. stuff.

Rectangular tamarack frame timbers, or "knees" (marked K in sketch), twelve in number, 5 in. by 5 in., running from side kelsons through upper deck, and carrying bulwarks, top of which is 1 ft. 6 in. from upper deck. From centre of knees 3 ft. 10 in. The bulwark is 3 in. by 5 in. (marked E).

A "shelf" (marked S in sketch), 6 in. by 3 1/2 in., runs longitudinally on each side; it is spiked to the inner side of knees, and forms a rest for the deck beams.

"Deck Beams," six in number (marked D), running transversely, resting on the stanchions and on the shelves, into and down upon which they are notched; they are also notched on the sides of knees and spiked thereto; they are 8 in. by 4 in. at the centre, and 6 in. by 4 in. at the sides. This gives them a slight curve, which raises the deck in the centre.

"Struts" (marked L in sketch), 3 in. by 3 in., running transversely at every second knee.

"Carlings," or longitudinal deck beams (marked C in sketch), 6 1/2 in. by 4 in., three in number, resting on transverse deck beams.

Two hatches, 2 ft. by 2 ft. 10 in., at opposite ends.
 Two pumps, one alongside each hatch.
 The planking of sides and bottom is made of 2½ in. stuff, no caulking or pitch used;
 planks square to each other, and jammed tight by key wedges.
 Thole pins for 10 oars, including one at each end.

(Signed) G. L. HUYSHE, *Captain R.B.* (Signed) G. J. WOLSELEY, *Colonel,*
 13. 6. 70. *Commanding Exped. Force.*

Rained hard during the night. Lieutenant-Colonel McNeill, V.C., started on horse-
 back at 4 A.M. to ride over the whole road, intending to be away two or three days. Captain Ward's Company, 1st
 Battalion 60th Rifles, went on to the Matawin Bridge on Sunday to work on the road. There are now one and two-
 third companies of the 60th Rifles at the Kaministiquia Bridge. Lieutenant Luller, with 10 men of the 1st Battalion
 60th Rifles, left camp at 2:30 P.M. with 9 boats, to go up the River Kaministiquia. In each boat were 5 voyageurs and
 2 Indians. Barometer rising. Weather clear and fine. Steamship "Arctic" in sight 9 P.M.

Tuesday, June 14th, 1870.

In hospital—	Men.	
1st Bn. 60th ..	7	"Chicora" sailed at 8:30 A.M.
1st Ontario ..	7	15 voyageurs sent on.
2nd Quebec ..	2	9 boats sent up by water. Arrival of S.S. "Arctic," 10:30 P.M.
Total ..	16	
(6 venereal.)		
Land Transport Corps—	Horses.	
Present ..	42	
Absent on duty ..	28	
Sick ..	42	
Total ..	112	

Steamship "Arctic" landed at 8 A.M. troops, as per margin, 17 horses, 13 wagons, 4 carts, &c. Sent off 13 wagons by road. Colonel McNeill reports road very heavy in places, especially between the Kaministiquia and Matawin Bridges. Two working parties of 30 men each, under an officer, sent out at 9 A.M. to work on the road within a few miles of camp, filling up bad places, &c.

Colonel Fielden, 1st Battalion 60th Rifles, and the Rev. Stewart Patterson, Protestant chaplain, arrived per steamship "Arctic," also 4 teamsters with wagons and horses complete, hired at Collingwood for special service. A veterinary surgeon, and assistant to ditto, also came in the "Arctic." Weather fine and dry. Road drying fast. Fatigue party at Redoubt as usual.

Wednesday, June 15th, 1870.

In hospital—	Men.	
1st Bn. 60th ..	6	2nd Quebec Rifles, 9 officers, 151 rank and file, 2 staff officers.
1st Ontario ..	7	
Total ..	13	13 wagons sent to Matawin with supplies.
(6 venereal.)		
Land Transport Corps—	Horses.	
Present ..	72	
On duty ..	27	
Sick ..	30	
Total ..	129	

Including 17 arrived per "Arctic."

Fine morning. Struck every tent in camp at 6 A.M. to air and dry the ground beneath. Pitched them again at 9 A.M. Two working parties sent out on the road at 9 A.M. One hundred men employed on the Redoubt, and 40 men on the wharf, and unloading the steamer.

Sent off orders to Captain Ward's Company of the 60th Rifles to go on from the Matawin Bridge to a point 2¼ miles beyond the Oskondagee Creek to be camped there and to work on the road.

Colonel McNeill returned at an early hour this morning, making the following report: "Left the camp at 4:30 A.M. on the 11th June, and proceeded to the bridge over the Oskondagee Creek, arriving there about 5 P.M. Walked to a camp about a mile further and ordered a canoe to be at the Dam Site the next morning, 15th.

"Walked to the Dam Site and embarked at 10 A.M. Poled up five short rapids, and tracked up one rapid, reaching the point on the Lake to which the road will eventually be brought at 11 A.M. At this place there is a fair camping ground. Immediately to the right on entering the Lake there is a sandy bay, and on the bank there is a favourable position for forming a dépôt of stores. The distance from the Oskondagee Creek to the Dam Site is 5½ miles; of this rather more than 4 miles have been cleared of timber, and a rough wagon road formed; the remaining mile has not yet been touched. The distance from the Dam Site to the Lake is three miles, and no portion of this has yet been cleared. It will require at least one week's labour to complete a fair wagon road from the Oskondagee Creek to the Dam Site. I started from the Creek at 5 P.M., and reached the camp at Thunder Bay about 1 o'clock the next morning, the distance being about 38 miles.

"The whole line of road has suffered much from the recent heavy rains.

"Between the Matawin and Oskondagee Creek there are two miles in one place, and about one in another, that are almost impassable, and it will be at least a week or ten days before horse transport can be employed on this part of the line.

Thursday, June 16th, 1870.

In hospital—	Men.	
1st Bn. 60th ..	6	18 wagons sent to Matawin, 3 bullock carts ditto, and 5 wagons ditto.
1st Ontario ..	7	
2nd Quebec ..	3	
Total ..	16	
Land Transport Corps—	Horses	
Present ..	27	
On duty ..	39	
Sick, &c. ..	63	
Total ..	129	

“Between the Kaministiquia and Matawin rivers there are two or three bad places, amounting in all in distance to about a mile and a-half.”

Captain Young, by Colonel Wolseley’s orders, started from his camp at the Matawin on Tuesday the 14th, to ascertain whether it is possible to convey the boats up the Matawin into the Shebandowan Lake, or up to the Oskondagee Creek. I desired him to report on reaching the latter place.

Lieutenant Alleyne, R.A., practised at 5 P.M. with his guns at two floating targets placed in the bay, one at 1,000 yards, the other at 550 yards. The practice was very good. Fifteen rounds were fired from three guns; at the long range seven rounds of common shell, at the short range six rounds of shrapnel; also two rounds of canister. One of the gun carriages was damaged—one of the bolts passing through the body of the carriage was broken, and the nuts came off; this caused the wood to split across the breast of the carriage. This gun carriage appears to have been fired at high elevations at Montreal, and it is supposed that the bolt got strained in this way. The injury is easily repairable.

Weather very fine; fresh “sea-breeze” as usual during the day. Night cold. Flies not troublesome. Steamship “Arctic” finished unloading at dusk.

Friday, June 17th, 1870.

Two working parties of 30 men each sent out about 6 miles on the road at 7 A.M., taking their rations with them. One hundred men employed on the Redoubt, and 25 on the Commissariat fatigues.

S.S. “Arctic” sailed at daylight.

16 wagons, 4 bullock-carts, 3 bullock wagons sent to Matawin.

Letter received from Mr. Simpson, dated Fort Francis, June 10, reporting that latest news from Fort Garry was in April, when all was quiet; that the Indians would resist any Fenian raid; that there would not be much trouble in making a treaty for right of way; that only two men had as yet been obtained as guides; that the Indians were to hold a grand council on the 20th June; that the portages would be cut, and drift wood cleared from the French river by the crews of two canoes leaving Fort Francis that day for Fort William; that by this means there would be water enough in the French river for the boats; that the Hudson’s Bay Company’s agent, Mr. McKenzie, would put plenty of storage at the disposal of Colonel Wolseley at Fort Francis; that the road from N.W. angle of the Lake of the Woods to Fort Garry was reported impassable by Indians and Hudson’s Bay Company’s officials;			
that the route from Fort Francis to Fort Alexander would take about eleven days for boats laden with 80 pieces of 90 lb. each; that the portages on that route were all in good order; that the Hudson’s Bay Company’s brigade of boats left Fort Francis for York Factory; that he (Mr. Simpson) had had a long trip, arriving on the 8th June. Weather very wet, and head winds.			
In hospital—			
	Officers.	Men.	
1st Bn. 60th	..	..	5
1st Ontario	..	1	7
2nd Quebec	..	..	3
Total	..	1	15
Land Transport Corps—			
		Horses.	
Present	..	..	49
On duty	..	..	51
Sick, &c.	..	..	29
			129

that the route from Fort Francis to Fort Alexander would take about eleven days for boats laden with 80 pieces of 90 lb. each; that the portages on that route were all in good order; that the Hudson’s Bay Company’s brigade of boats left Fort Francis for York Factory; that he (Mr. Simpson) had had a long trip, arriving on the 8th June. Weather very wet, and head winds.

Captain Young reports that he started from his camp at the Matawin Bridge early on the morning of the 15th June, in one of the red Ottawa flat boats up the Matawin river, and for 4 miles did not meet with any difficulty worthy of mention; he then came to a bad rapid, where he made a portage road of 120 yards: for about 4 miles above there is a succession of rapids, up which they managed to pole and track, making a short portage of 20 yards; they then came to a rapid where the river runs through a gorge, with perpendicular sides, and water so rough and rocky, with falls, that it was impossible to track or pole; on looking from the highest accessible point, the river for at least three-quarters of a mile seemed in the same state; and the banks were so rough, and the ascent so abrupt, that a portage road could not be formed.

Captain Young considers it impossible to take the large boats by this route, unless a regular road is made, and even then, the assistance of many men would be required, as the highest point is more than 120 feet above the river.

Arrival of schooner “Pandora.”

Saturday, June 18th, 1870.

20 wagons sent to Matawin.

One horse died to-day.

Schooner “Pandora” anchored about 9:30 P.M.			
Weather very hot and sultry, thermometer 94° in the shade; heavy thunder storm in the afternoon. Working parties on the road not required; 100 men on the stockaded redoubt.			
Unloading the “Pandora” all day. Order sent out to Captain Young to commence taking boats two and a half miles higher up the River Matawin, to a point where the road touches the river, and to erect a shanty to provide covering from the sun for stores.			
The first horse yet lost died to-day, about two miles from camp, from the excessive heat, on his way in.			
In hospital—			
		Men.	
1st Bn. 60th Rifles..	..	..	6
1st Ontario ..	..	..	6
2nd Quebec..	..	..	4
Total	..	..	16
Land Transport Corps—			
		Horses.	
Present	..	..	22
On duty	..	..	50
Sick, &c.	..	..	56
Total	..	..	128

Sunday, June 19th, 1870.

Divine service parade at 9:30 A.M., the chaplain officiating. Order sent out for one of the two companies now at the Kaministiquia river to go on to the Matawin, in order to help Captain Young in taking up boats and stores. Weather very hot. The ground twice burst out, smouldering and flaming close to camp, and if not seen and put out would have got into the commissariat marquees.			
In hospital—			
		Men.	
1st Bn. 60th	..	..	6
1st Ontario ..	..	..	6
2nd Quebec ..	..	..	4
Total	..	..	16
Of these 7 are venereal.			

"Algoma" arrived about 3:30 p.m. Sent off letters by her, and copy of the Journal up to date. Letters from Officers Commanding 1st and 2nd Regiments of Militia on the subject of the new boats, with Colonel Wolseley's remarks thereon, forwarded to Military Secretary, also letter from Lieutenant Heneage, Royal Engineers, desiring to be allowed to remain Paymaster to his detachment.

Land Transport Corps—			Horses.	11 wagons sent to Matawin.
Present	..	..	44	
On duty	..	..	30	
Sick, or required shoeing			62	
			136	
Including 4 teams arrived per "Algoma," and hired by the day.				

(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expedition.

19th June, 1870.

The Deputy Quartermaster-General for the Lieutenant-General's information, and for transmission to the Quartermaster-General of the Army.

(Signed G. J. W

(Copy) J. E. THACKWELL,
Acting Deputy Quartermaster-General.

Colonel Wolseley inspected the 1st Ontario Rifles at 7 a.m., and expressed himself well pleased with the manner in which the Regiment turned out. The wagons were loaded at 4:30 a.m. on account of the heat of the weather, and despatched by 6 o'clock.

Parade state of 1st Ontario Rifles this day is entered.

The new arrangement about transport came into effect to-day. Wagons go 13 miles, and fresh relays of horses there take them on 14 miles farther, to the Matawin Bridge. The empty wagons are brought back next morning to the "Halfway Home," and taken into camp by the same horses that bring out the loaded wagons. Thus each team takes a loaded wagon 13 miles, and brings back an empty one each day. Two chestnut horses dangerously ill, reported that the teamsters had been "racing" home. Weather cool and delightful. Pleasant sea-breeze. Boats sent off up the river.

Colonel Wolseley inspected the 2nd Regiment Quebec Rifles (5 companies) at 7 a.m. Tuesday, June 21st, 1870. The men turned out clean and well, but presented a contrast to the 1st Ontario Rifles in their height and size, a great many of them being small, slight men, apparently quite unable to withstand the hardships which are before them. One of the chestnut horses died during the night. The Veterinary, Mr. Tozer, and his assistant, when sent for to see this horse, were both found to be drunk and incapable; Colonel Wolseley spoke to them this morning and discharged them both.

In hospital—			Monday, June 20th, 1870.
		Officers. Men.	
60th	..	6	12 wagons with supplies sent to Matawin.
1st Ontario ..	..	1	
2nd Quebec ..	..	6	Boats sent up the river.
		1 18	

Land Transport Corps—			Horses.
Present	..	..	33
On duty	..	..	40
Sick, &c.	..	..	63
			163

In hospital—			7 wagons with supplies sent to Matawin.
		Officers. Men.	
60th	..	6	One horse died to-day (No. 2).
1st Ontario ..	..	2	Arrival of S.S. "Arctic," 12:30 noon
2nd Quebec ..	..	6	Marching-in state of detachment, per S.S. "Arctic."
		2 17	
Land Transport Corps—			Horses.
Present	..	..	33
On duty	..	..	74
Sick, &c.	..	..	56
			163

Including 28 arrived to-day.

			Officers. Men.
2nd Quebec Rifles..	7	97	
Attached, Staff, &c.	3	5	
Total	10	102	
Horses	..	..	28
Wagons	..	..	8
Teamsters	..	..	15

Militia commenced learning gun-drill and signalling. Unloading "Arctic" all day. Weather fine, not too hot. The other chestnut horse better this evening.

Lieutenant-Colonel Bolton resumed his duties as Deputy-Assistant Adjutant-General from Captain Huyshe, who had been acting for him during his absence at the Sault. Wagons started off at 4:30 a.m., the new system appearing to work well. An additional party, 1 Captain, 1 Subaltern, 1 Serjeant, 1 Corporal, and 8 Privates from 1st Ontario Rifles, began a course of gun drill under Lieutenant Alleyne, Royal Artillery, in order to be able to take charge of the

In hospital—			Wednesday, June 22nd, 1870.
		Officers. Men.	
60th	..	6	22 wagons with supplies sent to Matawin.
1st Ontario ..	..	2	
2nd Quebec ..	..	5	4 boats sent up the river.
Total	..	2 18	

Land Transport Corps—			
		Horses.	
Present	..	} Numbers omitted.	
On duty	..		
Sick, &c.	..		
Total	..	..	—

Thursday, June 23rd, In hospital—
1870.

		Officers. Men.	
1st Bn. 60th	..	..	7
1st Ontario	..	2	5
2nd Quebec	..	..	8
Total	..	2	20

Land Transport Corps—			
		Horses.	
Present	..	..	52
On duty	..	..	53
Sick, &c.	..	..	58
Total	..	..	163

from Young's Landing to this new station on the river, where the Indians and soldiers could take them by boat to Oskondagee Creek; from this latter place by road to the Dam Site, and from the Dam Site to the Lake Shebandowan by water.

Heavy thunderstorm about 2 P.M. Weather very hot and "muggy." Wagons started about 5 A.M.

Friday, June 24th, 1870.			
In hospital—			
		Officers. Men.	
1st Bn. 60th	..	..	7
1st Ontario	..	2	5
2nd Quebec	..	..	6
		2	18

1 Company 60th by river in 8 bouts.
78 boats in all have now gone up, 50 by water, and 28 by road.

26 wagons with supplies sent off.

Land Transport Corps—			
		Horses.	
Present	..	} Numbers omitted.	
On duty	..		
Sick, &c	..		
		—	

of which the road passes, it is evident that fires have raged over the country for years past. Some of these brûlés are extensive, others only a few acres. The road to the Kaministiquia river, 22 miles, passes at first over a succession of sandy hills, with here and there an intervening bit of swamp. The best portions of the road are through these swamps, for, as they have been well ditched and fascined, they are hard and dry. For about the last four miles before reaching the Kaministiquia river, the road passes over hills of red clay, which are very sticky and become quite impassable after heavy rain; in dry weather they are hard and good. Between the Kaministiquia and Matawin rivers the road is very hilly and altogether through a red clay district, all thoroughly burnt over and clear of wood in every direction. Much of this distance, nearly five miles, the road is cut out along the side of these hills, the outer slope being faced with crib work as a retaining wall. The bridge over the Kaministiquia is 320 feet long and 18 feet broad, supported on eight piers of crib work filled with stones. The bridge over the Matawin is constructed in a similar manner, being 216 feet long and 18 feet broad, and supported on five piers. No truss is used with either; there are four stringers 16 inches deep in each bridge, supported by two sets of corbels, or "balance stringers" as they are called in this country. These bridges are built to carry a load of 50 tons.

After crossing the Matawin river the road enters a densely wooded country of small trees, which extends to the Oskondagee Creek (Pitch-pine Creek). For the first three miles the road is corduroyed almost the whole way, and is good, but is only 10 feet wide, and the trees have only been cut for that width, so that the sun cannot get to it to dry it. Beyond these are many places where for one or two miles the road is good, but at many places spots are reached which are, even in fine weather, practically impassable for wagons; that is, although a few wagons can get over them, no horse transport in the world could stand having to get over such places; the horses would be knocked up in a few days. The distance from the Matawin to the Oskondagee is about 11 miles. Colonel Wolseley states that in his opinion it could not be fit for practical use before three weeks, certainly not with gangs now on it. Beyond the Oskondagee (which is 75 feet wide*) the road runs through a burnt district as far as the dam site, with here and there a strip of soft green wood, all small however. There is but little swamp in this district, and it promises to be a good portion of the road. It is not intended to cut or make the road any further on at present, as everything will be embarked there except the men, a foot path

guns, &c., should they be left at Fort Garry on the return of the Regular Troops to Canada.

Stockaded party as usual. Hot wind set in suddenly about 4 P.M., and thermometer sprung up from 78°, to 86°. Thunder storms all round, but no rain fell in camp.

Colonel Wolseley returned at 10 A.M., having ridden from the Matawin Bridge (27 miles) this morning. He sent over immediately to Fort William to Mr. McIntyre to get Indians to take up some boats next day. Ten Indians were promised, and a company of 60th warned to embark at 6 A.M. to-morrow. Order sent to Captain Buller and party to remain at the Matawin Bridge until the arrival of their company. Colonel Wolseley wrote to Mr. Dawson yesterday, requesting him to commence at once cutting a branch road of one mile, from the main road to the river at a point about four miles from the Matawin Bridge; also to put all his strength of workmen on this mile, and on the five miles from Oskondagee Creek to the Dam Site, as it was his (Colonel Wolseley's) intention to send all stores by ox teams

Captain Dundas and 60 men and officers of 1st Battalion 60th Rifles got away at 7.15 A.M. in boats for Fort William; they were, as usual, towed by the tug to Point de Meuron, 10 miles up the Kaministiquia. 26 wagons sent off this morning at 6 o'clock by a new arrangement, enabling the men and horses to have their morning meal before starting. Colonel Wolseley, on his return yesterday from Captain Ward's Camp, three miles in advance of the Oskondagee Creek, wrote the following report of the condition in which he found the road. From Prince Arthur's Landing to the Matawin Bridge, 27 miles, the road runs through a partially open country, the woods having been burnt over many times along that district; from the appearance of these brûlés (burnt clearances), through a succession

* Crossed by a wooden bridge supported on trestles.

will be cleared for them to the lake. The arrangement settled by Colonel Wolseley for the transport of stores is as follows:

From Prince Arthur's Landing to the bridge over the Matawin river, by horse teams: from thence to a point two miles further along the road to "Young's Landing," where the river leaves the road, by boats; thence for two miles up the road, and one mile along a branch road now being cut to the river, by ox teams; thence up the river to Oskondagee Creek, by boats; thence to the dam site, by ox teams; thence to the Shebandowan Lake up the river, in flat-bottomed boats.

By Colonel Wolseley's order Assistant-Controller Irvine went on board the steamship "Arctic," to endeavour to come to some arrangement with the captain, she being no longer required for the military service; but the captain said he had no power even to treat with the British Government, the bargain having been made with her owners. He declined altogether to make any compromise whatever.

"The boats were 9 in number and are mentioned as arranged in order according to merit for capacity, durability, and speed: 2 white-bottomed, clinker-built, marked R. Abbott; 2 large carvel-built; 2 small ditto; 2 grey inside, clinker-built, marked T. S.; 1 clinker built at Barrie. Précis of Captain Buller's letter, dated Matawin, 23rd June, 1870.

"The carvel are undoubtedly the strongest, but their weight renders them liable to rough treatment in portaging. The voyageurs employed, mostly French from 'Three Rivers,' were skilful but lazy, and refuse to work on Sundays, and during week days would only work between 7 A.M. and 6 P.M., for which hours they declared themselves as hired by agreement.*

"The voyageurs and guides were also wasteful of the provisions,† not being restricted to any particular amount.

"The carvel built boats have no well-holes, and therefore carry a large quantity of water which it is impossible to bale out. A large quantity of the cargo consisted of flour in barrels, the hoops of which not being nailed on came off during the rough usage they received in portaging. The axes supplied as camp equipage are so blunt as to be useless.‡

"The boats quitted Fort William on the 14th, and reached Matawin at 11 A.M. the 23rd. Thus leaving out Sunday 19th, the boats were over eight days on the journey, and passed over eight portages of the length altogether of two miles, two furlongs, and sixty yards, in a distance of about 46 miles. The clinker-built (Barrie) boat was much strained and injured. The men were constantly wet from being in the water, and have not apparently suffered in health in consequence."

One company of the 60th Rifles under Captain Northey, strength as per margin (not stated), left camp at 3 A.M. by road, with orders to halt the first night at the 13 miles shanty, and reach the Matawin in four marches. Saturday, June 25th, 1870.

In hospital—		
	Officers.	Men.
1st Bn. 60th ..	..	7
1st Ontario ..	2	7
2nd Quebec ..	..	5
	2	19

At 4 A.M. a fine chestnut horse died in great pain; this horse is supposed to have been over driven. Twenty-eight teams left the camp along the road. It came on to rain at 7 a.m., and has continued to rain nearly all day. The tug steamer "Okoura" was discharged to-day. In the afternoon orders were sent to Captain Northey to use his own discretion as to continuing his march in the present state of the weather, at the same time rations for his company were sent to him. Orders to the same effect were sent to the Officer in Command of the party at the Kaministiquia Bridge. Assistant Surgeon Shaw was directed to remain at Matawin.

Land Transport Corps—		
	..	..
Men present ..	..	56
" up the road ..	..	56
Horses fit to work ..	..	50
" up the road ..	..	59
" sick ..	..	54
Bullocks up the road ..	..	36

In consequence of the rain which continued all day on Saturday, no teams were sent along the road to-day. Divine service was held in the Head-Quarter Camp at 9:30 for Protestant worship, and for the Roman Catholics in the Camp of the 2nd Quebec Rifles. A party of one Officer and 15 rank and file from each battalion of Militia, with 25 voyageurs, started at 2 P.M. in nine boats for the Kaministiquia river. The day turned out very fine. The road was reported as much softened by yesterday's rain. Fog on the lake more or less all day. The steamship "Chicora" arrived at 8 P.M. Sunday, June 26th, 1870.

(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

The Deputy Quartermaster-General in Canada, for transmission to the Quartermaster-General of the Army.

* Mr. Dawson says this is not the case, they are hired to work any time required.—W. B.

† The provisions in question are Mr. Dawson's, not ours.—W. B.

‡ Axes are ordered to be sharpened in future.—W. B.

LAND TRANSPORT.				
Daily Evening State.				
One cart with provisions sent to overtake Captain Northey and his Company on the road.		Teamsters.	Bullocks.	Horses.
	Present fit for duty	62	...	68
	Absent on duty	53	36	71
	Sick, or requiring to be shod	2	...	41
	Absent without leave	...	...	...

PRINCE ARTHUR'S LANDING.			
Church Parade State.			
		Officers.	Men.
On Parade, 60th Rifles ... {	Protestants ...	6	48
	Roman Catholics ...	...	10
" 1st Ontario ... {	Protestants ...	23	252
	Roman Catholics ...	...	14
" 2nd Quebec ... {	Protestants ...	11	144
	Roman Catholics ...	13	120

Monday, June 27th, 1870.	Sick in hospital—			
		Officers.	Men.	
	60th Rifles	5		
	1st Ontario Rifles. ..	2	6	
	2nd Quebec Rifles. ..	4		
	Total	2	15	

LAND TRANSPORT CORPS.			
Evening State, 27th June.			
	Teamsters.	Bullocks.	Horses.
Present fit for duty	66	...	56
Absent on duty	56	36	61
Sick, or requiring to be shod	1	...	62
Total Strength	123	36	179

The steamship "Chicora" which arrived at 8 P.M. on the 26th, brought 18 horses and 11 teamsters, and a quantity of hay and oats and some stores. She landed these things by means of her own crew, and sailed at 4 A.M. on the 27th. Six men of the Militia were sent away in her as unfit for military service from various causes, and one man of the 2nd Quebec Rifles was dismissed as an incorrigible character.

The "Chicora" steamed away from Fort William about 8 A.M. with a mail. Twenty wagons were sent up the road to the 13-mile shanty.

The slaughter-house, which was on the shore between the two camps was pulled down and ordered to be reconstructed on the shore of a bay about 600 yards on and from the right flank of our camp. A small stream of clear water running into the lake underneath it.

Tuesday, June 28th, 1870. The new slaughter-house was continued building. A path or narrow road was ordered to be constructed through the dense bush to the new slaughter-house, and was commenced by a fatigue party at 10 A.M., of 1 officer and 30 men.

Steamship "Arctic" sailed, being discharged from our service at 2:30 A.M.

Red River steam-boat, or launch, tried in the afternoon, and found to answer; goes about 9 miles per hour, with 75 lbs. to the square inch, but will not answer well for towing.

Twenty-seven wagons were sent up the road to the 13-mile shanty, three of these went through to Matawin.

Two wagons and 4 teamsters came down from Matawin.

Very cool during the night, a great change from the heat of yesterday.

The steamer "Algoma" arrived during the night with

Lieut.-General the Honourable James Lindsay on board.

The Lieutenant-General landed at

Lieutenant-Colonel McNeill, V.C., proceeded by the road en route to take up his place at Lake Shebandowan.

Deputy-Assistant Commissary-General Meyer also proceeded up the road to be with Colonel McNeill. A

good deal of surf on the beach, the wind blowing strong from the east and north-east.

The road to the new slaughter-house is getting on well, 50 men felling trees and grubbing roots on it to-day. One horse died at Matawin, date not known at present, also one bullock reported dead. Thunder storm with heavy rain.

(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Force.

For transmission to the Quartermaster-General of the Army.

(Copy) J. E. THACKWELL, Colonel,
Acting Deputy Quartermaster-General.

Wednesday, June 29th, 1870.

Sick in hospital—			
	Officers.	Men.	
60th Rifles	6		
1st Ontario Rifles. ..	1	6	
2nd Quebec Rifles. ..	4		
Total.. ..	1	16	

CAPTAIN HUYSHE, who had been sent up to survey the road, in a letter dated 27th June, writes,—“That the heat was very great indeed, too hot to march after early morning. “The men coming up the River in the boats spoke highly of the ‘clinker-built.’”

Captain Buller, in a letter bearing date 27th, writes—“That bags of pork answered well, being far more easily carried than barrels. Stuff was going up the river quickly. Captain Young intended to visit and inspect the branch road immediately. Captain Calderon’s Company had passed through, and that Captain Northey’s Company was at the Kaministiquia Bridge, also that the two damaged boats had been repaired.”

The road along the beach to the new slaughter-house was continued in the early morning, but the weather changed, a thunder storm came on, and it rained heavily all day, the wind being in the east. The road was reported during the afternoon as terribly cut up. In the afternoon General Lindsay and Colonel Wolseley went to Fort William; the weather became so bad that they could not return to camp. The rain continued, with thunder and lightning, in a way seldom seen out of the tropics. A letter was received this afternoon from Captain Young, dated 28th June, in which he writes, that, “He had visited the newly-cut branch road, and found it to be about 1½ mile; it had been cleared up for ¼ mile. Mr. Dawson’s people expect it to be clear by the 29th instant, but no doubt the very bad weather has stopped the work. One part of the main road, two miles this side of where the branch road turns down to the left, was very bad indeed, and the ox-teams found great difficulty in getting through; but two gangs of Mr. Dawson’s men were at work on it there. He (Captain Young), as Colonel Wolseley had ordered, would visit the place again on Friday, 1st July, and would report result. He had taken up 400 barrels of pork to the place called Young’s Landing, and the shed there, he says, was nearly full. The injuries done to the two boats had been repaired, and would have been at work again, except that he was delayed by Captain Huyshe, who had written to him from the Kaministiquia that six boats under Mr. Laboucheire had reached the bridge of the Kaministiquia, and that the Indians had left them there and returned to Fort William, and also that three boats with Mr. McNab had left the Kaministiquia for that place, and desired him to try and get the Indians who accompanied Mr. McNab to go back to the Kaministiquia and help to take up the six boats with some of his men. He accordingly saw these Indians when they arrived there, which they did about 6 P.M., and next day the Indians, accompanied by some of his men, were to return to the Kaministiquia Bridge to bring up Mr. Laboucheire’s boats under Captain Buller; and he was taking another party to clear a tracking path along the River between where he was and the Kaministiquia Bridge, so as to assist all boats sent for the future by same route, it is difficult, but would be far easier if a tracking path were made. Mr. Dawson’s agent was assisting him with six good axe-men. The river was in good order. They took up that day 130 barrels, and directly the other boats were up, they would continue sending up stuff.”

The ground was too wet to-day for the men to work at the road through the bush along the shore to the new slaughter-house. Lieutenant-General Lindsay inspected the 2nd Quebec Rifle Militia at 10 A.M., and the 1st Ontario at 2 P.M.

Two companies of the 1st Ontario Rifles left camp at 4 A.M. No. 1 Company to one mile short of the Matawin Bridge; No. 2 to the 6-mile creek. Road reported very bad. Lieutenant-General Lindsay, Colonel Wolseley, Captain Gascoigne, A.D.C., and Colonel McNeill, proceeded up the road, the latter to be eventually stationed at Lake Shebandowan. A party of 1 officer (Captain Amyott) and 34 rank and file of the Quebec Rifles started in 8 boats for the Kaministiquia River at 2 P.M. without arms and accoutrements, they were short handed with regard to voyageurs.

A company of the 1st Ontario Rifles marched at 4.30 A.M. for a station 17 miles off to work on the road, which was reported to be drying fast. Weather fine, but cool and pleasant. Roads drying-up fast. Orders received from Colonel Wolseley from the Matawin Bridge, for the Headquarters of the 60th to march on July 3rd for the Matawin; for the 1st Ontario Rifles to march on July 4th for the Kaministiquia Bridge; and for the Headquarters and Staff to move forward on the

Sick in hospital—

	Officers.	Men.
1st Bn. 60th	1	6
1st Ontario	1	6
2nd Quebec	1	4
Total	1	16

LAND TRANSPORT.

	Teamsters.	Bullocks.	Horses.
Present fit for duty	49	...	21
Absent on duty	68	35	93
Sick, or requiring to be shod	3	...	63
Prisoners	2	...	...
Total Strength	122	35	177

34 wagons to the 13 mile shanty.

LAND TRANSPORT.

	Teamsters.	Bullocks.	Horses.
Present fit for duty	45	...	53
Absent on duty	76	35	96
Sick, or requiring to be shod	3	...	38
Prisoners	2	...	...
Total Strength	126	35	187

No wagons with supplies sent up, road too bad. 7 wagons for baggage of detachment. 8 boats started up the river.

LAND TRANSPORT.

	Teamsters.	Bullocks.	Horses.
Present fit for duty	45	...	46
Absent on duty	77	35	106
Sick, or requiring to be shod	3	...	35
Prisoners	2	...	...
Total strength	126	35	187

No wagons sent up with supplies, road still very bad. 4 wagons with forage.

5th. Colonel Wolseley received to-day the following letter from Mr. Simpson, of Sault St. Marie, Member of Parliament for the Algoma District:—

My Dear Sir, “ Fort Francis, 21st June, 1870.
“ A canoe arrived here yesterday from Fort William with provisions for the Indians, and the men who brought them up will leave to-morrow morning on their return trip. I am sorry to say they left the tea and tobacco at the Matawin station, and I am quite out of these two articles; however I have explained to the Indians the cause, and they are satisfied. There are here now about 1,500 Indians, men, women, and children, encamped at the Fort. I held a council yesterday, and to-day the Indians held one, and one to choose their chiefs. I expect to be able to settle with them, and to get them all away before you arrive. They are staying as there are no sturgeon in the river. They are a difficult people to deal with, there is so much palaver among them that one does not well know what they want. They seem to be anxious to sell their lands, but I have only authority to treat with them for the right of way. All this I can explain much better when we meet. They have no objection to the troops going through to Red River. No news from that quarter which can be relied on. We expect a canoe from Fort Alexander in a few days, and I intend to come and meet you as soon as I can get through with the treaty, when I hope to be able to give you good news from the Settlement. I have had no letters from Fort William since the 31st May, so I am quite in the dark as to your movements. I shall be very glad to see you all safely here. This is a most miserable ill-kept post; and I have been living on sturgeon, choke-dog, and boiled bear and porcupine. You will soon have an experience of it yourself.”

Extract from a letter received from Captain Huyshe, dated 9 p.m. 30th June, Kaministiquia Bridge. “ Incessant heavy rain and thunder storms for the last two days. A small bridge two miles this side of the Matawin carried away, and the road so flooded as to be impassible. Two small bridges between the Kaministiquia River and Strawberry Creek carried away, and about 100 yards of the road flooded. The train of wagons was caught between these two bridges, and the wagons had to be left on the road, and the horses taken round the hills. The bridge over Sunshine Creek was carried away, and that over Strawberry Creek very nearly sharing the same fate, the water being within six inches of the centre arch. The big bridges over the rivers Matawin and Kaministiquia were in some danger, the latter especially, being only saved by the exertions of Captain Nagle and his teamsters, who worked at it all day clearing away the drift wood which had blocked up five out of the nine of its arches. One of the centre piers sunk about one foot, and the roadway of the bridge itself parted from the corbels with a loud report. No great damage done to the bridge itself. A gang of eighteen of Mr. Dawson’s men came down from the Matawin, and were to commence repairing the two small bridges next day. Communications re-opened with the Matawin. Weather clearing up.”

Annexed are copies of a Proclamation issued by Colonel Wolseley, and letters to Bishops Taché and Macrea, at Red River. These letters were intrusted to Mr. Donald Smith, in English and in French, to be forwarded to Fort Garry.

Sunday,
July 3rd, 1870.

Divine service at the usual hours. The Head-Quarters of the 60th under Colonel Fielden marched at 3 A.M. for the Matawin, there to be stationed till further orders. Day cloudy but fine, occasional showers. The Lieutenant-General and Colonel Wolseley returned to camp in the evening, having left the Matawin Bridge in a canoe at 6 A.M. The river was still very much swollen, although it is falling rapidly. At the Kaministiquia Bridge they found Captain Harchmer, 1st Militia, with his brigade of boats, and Captain Dundas, 60th Rifles, with his Company and a brigade of boats a few miles lower down, both had been greatly delayed by the excess of water in the river, which had become so deep that it was difficult to pole, and as the boats were flooded tracking was extremely difficult and laborious. At the Kakabeka Falls they passed Captain Macklein’s brigade, they were engaged then in getting their boats over the portage; four had already been taken up above the falls. The Indians had in the morning refused to work, as it was Sunday; Captain Macklein very properly told them they should have nothing to eat unless they worked, which soon brought them to their senses. Captain McCalmont, 9th Lancers, had gone up as a volunteer with this party, having been placed in charge of a boat’s crew by Colonel Wolseley; he was working hard pulling his boat over the steep incline (120 feet high) when General Lindsay passed. Below that, near the Parresseux Rapids, they passed another brigade of boats under Captain Amyott, 2nd Militia; they were encamped, having done nothing all the morning owing to the man in charge (a drunken fellow named McNabb) having told Captain Amyott that they always halted on Sundays. Colonel Wolseley ordered them to strike camp at once and go on.			
In general hospital—			
	Officers. Men.		
1st Bn. 60th	..	..	4
1st Ontario	..	1	7
2nd Quebec	..	..	3
Total	..	1	14
Land Transport—			
	Horses. Oxen.		
Present	..	32	..
On duty..	..	119	35
Sick	..	36	..
Total	..	187	35

No wagons with supplies sent up road, road so bad. 4 wagons with hay, 5 wagons with Head-Quarters 1st Bn. 60th.

The steamer, “ Chicora,” arrived at 6:30 p.m., bringing some voyageurs and boats, also seven breast straps for horses, to be used on horses that were collar galled. Colonel Wolseley had asked for the straps, &c., &c., necessary for converting twenty sets of double collar harness into breast draught harness. Harness upon that system is very common in the States, and is much used in the province of Ontario. The Lieutenant-General being

absent from Montreal when Colonel Wolseley's application reached that place accounts, perhaps, for its not being attended to, as up to this date it has been the only application for any stores or for any assistance that has not been attended to. Instead of having the means of changing twenty sets of double harness from collar to breast draught, we have only been supplied with the means of changing seven sets of single harness from collar to breast draught, as we never use carts except when we have no wagons to spare, this addition to our transport material is of very little service to us. Twenty sets of breast straps suitable for double harness would have enabled us to use 40 horses daily more than we are now doing, for we have that number of horses on the sick list who are incapacitated from work owing to galled shoulders, but who are in other respects in good working condition. This is a subject well worthy of being remembered in the future whenever it may be necessary to equip a horse transport service; I should say at least 20 per cent. of the harness provided should be fitted for breast draught. By such means no horses need ever be on the sick list from galled shoulders, for if due care is taken immediately that a shoulder shows signs of injury, the collar should be replaced by the breast straps, and *vice versa*. The seven breast straps sent us from Montreal are those used in Field Batteries for the non-commissioned officers' horses, they are only intended to assist gun teams over difficult ground, but are quite unfit for heavy draught. For a short spurt they would do well to help a team along, but when used with horses drawing continuously, they can be of little service even when used singly in shafts.

Colonel Wolseley found the roads in a very bad state, General Lindsay was surprised to find it, even in the *finished* portions so very deep and unsuited for military purposes. Every stream had become swollen, carrying away the superstructure of small bridges and culverts. The bridge over Strawberry Creek had a narrow escape, and was saved by the exertions of some teamsters who chanced to be near it. The large bridge over the Kaministiquia River was saved as described in Captain Huyshe's letter given in yesterday's journal. The Matawin Bridge was for some time in much danger, also on Thursday, 30th June. That over Sunshine Creek was entirely washed away. That over Oskondagee Creek was nearly destroyed, it is built on three trestles, the centre one of which had drifted about 2 feet down stream and was only saved by having ropes fastened to it securing it to trees on the banks. The detachment of ten men stationed there as a guard over the stores worked all night in clearing away drift wood from the trestles and in piling up quantities of large stones upon the superstructure. The water there rose 6 feet 6 inches within a few hours. General Lindsay went to the Dam Site on horseback yesterday, the horse had to be swam over Sunshine Creek. The road between the Matawin and the Oskondagee is not worthy of the name of road. It is with difficulty and much danger that even single horsemen can get over parts of it. It is useless as a means of supplying an Army in the field, or even supplying the small numbers composing this force.

The new cut from the main road to the river, which Colonel Wolseley requested Mr. Dawson to make on the 22nd June, is now in progress, and will be open for wagons on the 6th or 7th provided the weather is at all favourable.

Colonel Wolseley ordered Captain Buller's company of 60th from the Matawin to assist in its construction. Captain Calderon's company of that regiment have been working at it for some days past. Both were ordered to work all through Sunday at it.

At the Oskondagee there is now a considerable amount of pork and biscuit brought up over the bad road by our bullock wagons.

Captains Northey and Ward, with their companies, were encamped on rising ground about 3 miles beyond the Oskondagee. The former had been ordered to the Dam Site, but was deterred from proceeding further by the difficulties of the road. There is a small creek about 3,000 yards beyond their camps, over which a bridge was completed yesterday (2nd), 900 yards beyond it again is another creek, and about 600 yards beyond it again is the point where the troops are to embark. The last mile is still in a most unfinished condition, but the ground is good, and there is no danger of the operations being stopped by it.

The really bad and impracticable portion of the road is between where the new cut leaves the road to the bridge over the Oskondagee.

The Lieutenant-General went in a canoe from the point of embarkation to Shebandowan Lake. There were violent thunder storms all day, but not much rain.

General Lindsay saw Mr. Dawson at the end of the road and asked him, as a favour, to take off all his men from that useless portion of the road and put on all his strength to the road between Young's Landing and the river by the new cut, and upon the portion of it beyond the Oskondagee. Mr. Dawson said he would do so. He made a similar promise to Colonel Wolseley on the 23rd June and only partially fulfilled it; it is to be hoped that he will this time be more exact in carrying out this arrangement.

The Lieutenant-General and Aide-de-Camp embarked at 8 A.M. on board of "Chicora." A guard of honour was furnished by 2nd Militia, the men turned out remarkably well, very clean, belts polished and tidy.

The Head-Quarters 1st Militia, under Lieutenant-Colonel Jarvis, left at 4:30 A.M. for the Kaministiquia Bridge to go there in two marches. The turn out was very bad. They were ordered to march at 3 A.M. All the fault of the officers, who, instead of looking after their men, were busy strapping up their portmanteaus and attending to their own luggage.

In general hospital—		Officers. Men.	
1st Bn. 60th	..	..	4
1st Ontario	..	1	11
2nd Quebec	..	..	4
Total	..	1	19

Monday,
July 4th, 1870.

During the day, Major Macleod and some Militia and voyageurs left Prince Arthur's Landing with two brigades of boats, fifteen in number, to ascend the River Kaministiquia.

Morning fine, very showery in the evening.

Colonel Wolseley went over to Fort William to pay a farewell visit to Mr. McIntyre, who had been very useful, civil, and obliging. At 6 p.m. Colonel Wolseley inspected the camp of the 2nd Militia, about to be left in garrison at Prince Arthur's Landing under command of Captain De Bellefeuille.

Tuesday,
July 5th, 1870.

In hospital—	Officers.	Men.
1st Bn. 60th	3	3
1st Ontario	1	11
2nd Quebec	..	3
Total	1	17

No supplies went up since Wednesday last until to-day. Colonel Wolseley and his head-quarters moved from Prince Arthur's Landing to the camp on the Matawin River, 27 miles. Colonel Wolseley started at 5 A.M. on horseback, and on his arrival there, got a fresh horse and went up the road, accompanied by Colonel Fielden, as far as the end of "Brown's Lane," where the branch road meets the river. On

his return he ordered a working party of 50 men of the 60th to go about 3 miles up the road the next morning; also 90 barrels of pork to be sent up to the end of "Brown's Lane," where Captain Young, with 6 Indians and 21 men, was to try to get them up the river to the Oskondagee Creek, using only three boats. On his way up from the Bay Colonel Wolseley ordered a company of the 1st Ontario Militia to work at the 6 mile creek to move on 4 miles further; and two companies of the same battalion to move next day from the Kaministiquia Bridge to the Oskondagee Creek.

Very wet weather. Rained hard in almost incessant showers the greater part of the day. The road is now in a worse state than it has ever been in before, dreadfully cut up, and nothing but dry weather can make it any better.

Wednesday,
July 6th, 1870.

Land Transport—	Horses.	Bullocks.
Present	30	16
Absent on duty ..	20	10
Sick, &c.	9	8
Total	59	34

Employed in the morning moving stores to Browne's Lane and the Oskondagee.

Colonel Wolseley sent an order for two companies of the 2nd Militia to move forward on the 7th instant, at 4 A.M. to the Matawin Bridge in two marches, and for the head-quarters and remainder of that battalion to march two hours afterwards (the same day) for Strawberry Creek, there to work on the road. He then rode out and showed the working party of the 60th where they were to work. At noon he rode off again, accompanied by Colonel Fielden, to Browne's Lane to see Captain Young off with the three boats and 90 barrels of pork *en route* to the Oskondagee.

Two companies 1st Ontario passed through about 7 A.M. on their way from the Kaministiquia to the Oskondagee. In consequence of the move to-morrow of the 2nd battalion of Militia, Assistant Controller Irvine sent down an order for the wagons leaving the Bay to-day to be unloaded at the 13-mile shanty, and to return empty to the Bay; stores to be piled up on the roadside till they can be fetched.

On Colonel Wolseley's return from Calderon's Landing he reported that Captain Young had embarked 70 barrels of pork in his three boats, besides three days' rations. Captain Buller was ordered to go up the river the next day with his company, and Captain Calderon also—the former in the morning, the latter in the afternoon.

The day was fine and cool, not too hot; the first day without any rain that we have had for a long time.

Thursday,
July 7th, 1870.

Land Transport—	Horses.	Bullocks.
Present	36	16
Absent on duty ..	20	10
Sick, &c.	11	8
Total	67*	34

The remainder are at Thunder Bay.

* Employed in moving stores from Matawin to Browne's Lane.

An order was sent, per Assistant-Surgeon Shaw, to Captain Dundas, 60th Rifles, to move on up the river to-morrow morning with his company, taking as many boats as he could man, and as much pork, and to leave the stuff at the Oskondagee Creek, returning to Calderon's Landing with as few boats as possible.

Colonel Wolseley rode down the road to the Kaministiquia Bridge and Strawberry Creek, giving an order to Captain Cook, 1st Ontario Rifles, to move on his company this evening to the Matawin, and an order to Lieutenant-Colonel Jarvis to move with his Head-Quarters to the same place to-morrow morning.

The 1st Ontario Rifles sent in a complaint about the insufficiency of the ration of meat issued to them, and requesting an increase; but Colonel Wolseley declined to do so, having found it ample enough for all the other working parties.

Weather very fine, the road drying up in consequence. The sun yesterday and to-day has baked the road into the consistency of a brick. All working parties on the road are now employed in corduroying, regardless of the symmetry of the work, so that they may get over a great deal in a day. Colonel Wolseley having ordered them to give up all heavy work in the way of ditching, cuttings, embankments, &c., and confine themselves solely to the work required to make the road passable for wagons for the next three weeks. After we have all passed over it, Mr. Dawson can do what have all the autumn for his work.

Between the Matawin and Kaministiquia Bridges it is difficult at some spots to obtain good timber for corduroy work: it has been so denuded of trees by successive fires, that the few left still standing are mostly half burned through. The timber generally in this section of the country is very poor; no hard wood of any sort; pitch pine, spruce,

tamarack, and a few of the other common pines, together with a good sprinkling of poplar.

(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.
Camp, Matawin Bridge, 7th July. 1870.

For transmission to the Quartermaster-General of the Army, Horse Guards.
(Copy) J. E. THACKWELL, Colonel,
Acting Deputy Quartermaster-General.

RETURN of Drill, Nationality, and Religion of 1st and 2nd Regiments of Militia,
23rd June, 1870.

	1st Bn.	2nd Bn.
1. Drill—		
1. Number of men who have never been drilled	8	28
2. Number of men who, although drilled in the regular or some foreign service, have never drilled in the Volunteer Militia ..	25	45
	33	73
2. Nationality—		
1. English	79	74
2. Irish	29	52
3. Scotch	32	21
4. Born in Canada of—		
(a) English parents	55	61
(b) Irish parents	65	20
(c) Scotch parents	45	15
	165	96
5. Born of English-speaking Canadian parents	40	21
6. Born of French Canadian parents	3	77
7. Foreigners, but naturalized British subjects	3	3
8. British subjects, but of foreign parents	4	18
	355	362
3. Religion—		
1. Protestant	330	236
2. Roman Catholics	25	126
	355	362
4. Discharged—		
1. Number of men who, having been attested, have been discharged through illness or physical unfitness	3	23

Forwarded, (Signed) JAMES F. MACLEOD,
(Signed) R. J. FIELDEN, Colonel. Assist. Brigade Major.

COPY of Proclamation in French as forwarded per Mr. Donald Smith to Fort Garry.

Au Peuple Loyal de Manitoba,

LE Gouvernement de Sa Majesté la Reine d'Angleterre ayant pris la résolution de mettre en garrison quelques régiments dans le territoire de Manitoba, j'ai été instruit par le Lieutenant-General Commandant des Provinces Britanniques de l'Amérique du Nord de conduire la Force sous mes ordres à Fort Garry.

Nous vous apportons la paix, et le seul objet de cette expédition c'est de faire voir l'autorité de Sa Majesté la Reine.

Des Cours de Justice, telles qui existent dans toutes les autres Provinces de l'Empire seront établies.

La Justice se montre sans partialité envers aucune classe ou aucune race, les sauvages, et les métis loyaux étant aussi chers à Sa Majesté que tous ses autres sujets.

Les soldats j'ai l'honneur de commander ne représentent point de parti ni de religion ni de politique, et ils sont venus exprès pour protéger la vie et les biens de tous sans distinction de race ou de culte.

L'ordre et la discipline la plus rigide sera maintenu dans leurs pays et la personne de tous les habitants ne sera sujet à aucun danger.

Tout ce que les habitants fournissent aux troupes leur sera payé.

Si quelque habitant aura cause de se plaindre de la conduite d'aucune individu appartenant à cette brigade; il n'aura qu'à constater le fait devant ainsi pour obtenir de la justice.

Chaque sujet loyal de la Reine est prié avec instance de m'aider accomplir le but ci-dessus cité.

(Signé) G. J. WOLSELEY, Colonel.

L

COPY of Proclamation and Letters.

To the Loyal Inhabitants of Manitoba,

Her Majesty's Government having determined upon stationing some troops amongst you, I have been instructed by the Lieutenant-General Commanding in British North America to proceed to Fort Garry with the force under my command.

Our mission is one of peace, and the sole object of the expedition is to secure Her Majesty's sovereign authority.

Subsequently
omitted. { Courts of Law such as are common to every portion of Her Majesty's Empire will be
duly established, and justice will be impartially administered to all races and all classes.
The loyal Indians or half breeds being as dear to our Queen as any others of Her
loyal subjects.

The force which I have the honour of commanding will enter your province representing no party either in religion or politics, and will afford equal protection to the lives and property of all races and of all creeds.

The strictest order and discipline will be maintained, and private property will be carefully respected. All supplies furnished by the inhabitants to the troops will be duly paid for. Should anyone consider himself injured by any individual belonging to the force, his grievance shall be promptly enquired into.

All loyal people are earnestly invited to aid me in carrying out the above-mentioned objects.

(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Force.

Prince Arthur's Landing,
Thunder Bay, 30th June, 1870.

(Also copy sent to Mr. Donald Smith.)

COPY.

My Lord,

Prince Arthur's Landing, Thunder Bay, 30th June, 1870.

ENCLOSED I have the honour to forward you the copy of a Proclamation in English and in French, to which I have the honour to request your Lordship will be good enough to give the utmost publicity in the several parishes under your Episcopal care.

Similar copies have been forwarded to the Officer representing the Hudson Bay Company at Fort Garry and to Bishop Taché.

I have, &c.
(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

To the Bishop Taché and McCrea,
Red River Settlement.

(Also copy to Mr. Donald Smith.)

Sir,

Prince Arthur's Landing, Thunder Bay, 30th May, 1870.

WITH reference to the Proclamation which I have forwarded to you in a letter of this date, I have the honour to inform you that I am most anxious that steps should be immediately taken for opening out a cart road from the end of Mr. Snow's road to the north-west corner of the Lake of the Woods.

It is not necessary that the road should be of a permanent character, as it will only be required this year for military purposes, hereafter it could be enlarged and made fit for commercial traffic, but now a corduroy track over the swamps wide enough and strong enough for the passage of lightly-laden Red River carts would answer our purposes.

Mr. Dawson, who represents the Public Works Department here, will forward more fully detailed instructions regarding the construction of the road required; and will authorize you to appoint a surveyor to superintend and direct the work and to make the necessary disbursements.

I have to request that you will kindly render the gentleman you employ upon this service every possible assistance while so employed.

I have, &c.
(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

To the Officer in Charge of
Hudson Bay Company's Stores, Fort Garry.

(Also copy to Mr. Donald Smith.)

Prince Arthur's Landing, Thunder Bay, 30th June, 1870.

I HAVE the honour to request that you will have the goodness to make the enclosed Proclamation as public as possible in the Province of Manitoba. I send it to you in English and in French.

I am forwarding by the messenger who will carry this, similar copies to the Protestant and Roman Catholic Bishops, requesting them also to make it known in parishes under their care.

I have, &c.

(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

To the Officer in Charge
Hudson Bay Company, Fort Garry.

My Lord,

Prince Arthur's Landing, Thunder Bay, 30th June, 1870.

I HAVE written to-day to the officer representing the Hudson Bay Company at Fort Garry, referring to a letter to him of this day's date from Mr. Dawson of the Public Works Department, in which he has been requested to take immediate steps for opening out a road between the north-west corner of the Lake of the Woods and the termination of Mr. Snow's road, and whereby he has been authorized to expend money for that purpose.

I have begged him to render every assistance in his power in obtaining the labour and funds required for this service, I have the honour to request your Lordship's earnest co-operation in doing so, and being aware of the anxiety of your people to welcome us amongst them, I am led to hope that they will avail themselves of the opportunity for proving the sincerity of their wishes.

I have, &c.

(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

The Bishops Taché and McCrea,
Fort Garry.

Dear Mr. Smith,

Prince Arthur's Landing, Thunder Bay, 30th June, 1870.

I SEND you herewith letters for the officer representing the Hudson Bay Company at Fort Garry, and for the Protestant and Roman Catholic Bishops in the province of Manitoba, which you kindly promised to have sent to their destination from some point near the Red River settlement whilst *en route* for Norway House.

I send for your private information copies of all the letters enclosed in their several covers addressed to those gentlemen, and also a copy of the proclamation which I have asked for them to make public in settlement.

You will see that I am writing to your officer (as I told you I intended doing) upon the subject of the road to the north-west corner of the Lake of the Woods, I am most anxious that a practicable cart road should be opened out to that point, and as I know that you take a sincere interest in everything affecting the success of this expedition, I do not hesitate to ask you to take whatever steps you may consider advisable towards furthering the object I have in view as regards the construction of this road; it might, perhaps, be possible to get the Indians from Fort Francis to assist in the work by beginning from the Lake of the Woods' end of the proposed road, 50 men with axes could do much towards cutting and clearing out trees for a few miles back westward from the lake. Any expense in doing so will be paid by the Government.

Wishing you a pleasant journey, and thanking you for all the valuable assistance I have received from Mr. McIntyre, who has been of such service to us in getting our boats forward towards Shebandowan Lake, believe me,

Very truly, &c.

(Signed) G. J. WOLSELEY, Colonel.

Donald Smith, Esq., &c., &c.

ALTHOUGH the days are warm, sometimes oppressively so, the thermometer standing *Friday, July 8th, 1870.* over 90° (Fah.) in the shade, the nights are cold, sometimes so cold that the men sleep *Camp Matawin* in their great-coats. The Head-Quarters 1st Battalion 60th Rifles, moved to Calderon's Bridge.

Landing, the 1st Militia taken their places, and the 2nd Militia replacing the 1st at the Kaministiquia Bridge.

In general hospital—		
		Men.
1st Bn. 60th	..	2
1st Ontario ..	..	7
2nd Quebec ..	..	7
Total ..	..	16

Land Transport Corps—		
		Horses.
Present ..	..	65
Absent on duty ..	..	101
Sick, &c. ..	..	19
Total ..	..	185

35 bullocks.
3 wagons with stores
to Matawin.

If a Major arrives, having been sent by the Lieutenant-General to command at that post, he will be brought on here and posted at Fort Francis, for which command Major Robertson had been nominated.

Colonel Wolseley rode to the Oskondagee to see after affairs there, and to find out how the river transport was getting on; up to 4 P.M. but one boat had reached that place; its cargo had been left on the bank of the river a few miles down, as she had swung round in a rapid and been injured; she leaked a good deal, but can be easily repaired, —she is clinker built; a carver-built boat had had a hole knocked in her bottom, and was abandoned, she can easily be repaired however, she will be taken back to Calderon's Landing for that purpose. The loads put in the boats were too heavy, for although there was plenty of water, the rapids

are so strong at places, that heavily laden boats require skilled men to manage them, 10 barrels only will be placed in them for the future whilst making this trip.

Colonel Wolseley found that much progress had been made with the stables at the Oskondagee, and the road between that bridge and the Dam Site was in fair working order: at the Dam Site he found that a footpath had just been cut from our camp there to the place on the lake where our stores are to be collected.

Mr. Dawson has again placed strong gangs on the road between the new cut and the Oskondagee, the new cut being now in fair working order. The road, in consequence of the last few days of fine weather, is much better than when Colonel Wolseley last went over it.

There have been two men of the 2nd Militia tried for striking Non-Commissioned Officers, one which was the most serious case has been sent to the gaol at the Sault for four months, the other man having been drunk when he committed the crime, and having been provoked by the Corporal whom he struck, has been let off by Colonel Wolseley; the Court-Martial had sentenced him to 90 days imprisonment, and had strongly recommended him to mercy.

Heavy showers in the evening.

The Head-Quarters of the 60th removed to Calderon's Landing, the 1st Militia taking their place at the Matawin, and the 2nd replacing the 1st at the Kaministiquia Bridge.

Saturday,
July 9th, 1870.

Fine day but warm, very cold last night, barometer showing signs of falling, but no rain, thermometer stood at 95° (Fah.) in the tents at 2 P.M. Colonel Wolseley rode up the road in the afternoon and saw Mr. Fraser, 60th Rifles, the first arrival of the party that started with provisions from Calderon's Landing to the Oskondagee Creek. Letter

Précis of Capt. Young's
letter, describing his
journey in boats from
Calderon's Landing to
the Oskondagee.

received this evening from Captain Young, who reports that the river (from the junction of the Matawin and Shebandowan rivers up to Oskondagee Creek) is a succession of falls and rapids; that one boat was damaged by a trunk of a tree floating down with the

Land Transport Corps—		
		Horses. Bullocks.
Present ..	4	..
Absent on duty	} 159	35
Sick, &c. ..		
Total ..	185	35

22 wagons sent with R.A. & R.E.
4 wagons sent with supplies.

strong current and striking her on the port quarter, stoving her in so badly that he was obliged to take out her load and leave it (and the boat) on the bank; that his (Captain Young's) boat was so heavily laden (27 barrels of pork) that she was obliged to be occasionally dragged over coarse gravel to the great injury of her bottom; that the river is so hard to get up that he suggests putting only six or eight barrels in each boat; that he started on Wednesday evening 6th instant, and arrived at the Oskondagee on Friday 8th; and that he marched back to Calderon's Landing by the

End of précis of Capt.
Young's letter.

road, fearing to risk the boats down stream, owing to the strength of the current. In the evening, an order was sent to the Head-Quarters 2nd Militia, to march tomorrow at 4 P.M. on the Matawin River.

Major McLeod and party arrived with their boats in good order from the trip up the Kaministiquia River.

Sunday,
July 10th, 1870.

Divine service was held in the camp at 7 A.M., the Rev. Stewart Patterson officiating. Lieutenant-Colonel Bolton and Detachment Royal Artillery and Royal Engineers marched in at 10 A.M., having come from Prince Arthur's Landing in two marches, and were encamped at "Sunshine Creek" about three-quarters of a mile further up the road.

Land Transport Corps—		
		Horses.
Present ..	..	..
Absent on duty ..	..	163
Sick, &c. ..	..	22
Total ..	..	185

Précis of Capt. Dun-
das's report of journey
from Calderon's Land-
ing to the Oskondagee.

2 wagons sent to Matawin. he "had taken 5 boats up the Oskondagee Creek in two days, working from 5 A.M. to "9 P.M.," that his boats were too heavily laden (18 barrels of pork), that one load was completely destroyed, having caught by the stern on a rock, swung round, hurled over, and taken the whole force of the current over her gunwale, which broke her to pieces in an instant, "that three voyageurs who were in her at the time were saved, but one of them "with great difficulty," that the cargo of this boat was lost, and everything in it except the

men's waterproof sheets and blankets, which were picked up by the boats in rear ; that he was obliged to leave the cargo of one boat behind, owing to the very shallow water near the Oskondagee Creek, but went back and fetched it, and that he marched back to Calderon's Landing fearing to risk the boats down the rapids.

Mr. Dawson arrived in the evening and had an interview with Colonel Wolseley, who requested him to hand him over 100 voyageurs for the purpose of taking stuff up the river from Calderon's Landing to the Oskondagee Creek ; Mr. Dawson promised to do so the next day.

Weather cloudy and cool threatening rain, but none fell. A pleasant day.

Rained heavily during the night, and until 2 p.m. very heavy thunderstorm, with lightning and thunder, such as is seldom seen out of the tropics. Captain Calderon, 60th Rifles, reported that he had taken up five boats with 92 half barrels of pork, without injury, to the Oskondagee Creek. His report as to the state of the river and the proper cargoes for boats agreed with the reports of Captains Dundas and Young.

The detachments Royal Artillery and Royal Engineers, marched this morning for Ward's Camp at the Dam Site ; they arrived at the Oskondagee at 1 p.m.

Major McLeod, with 60 men and 3 officers, 1st Militia, marched off at 7 A.M. to Calderon's Landing to take boats and stuff up the river to the creek.

The rain during the night made the roads bad again. A working party of the 1st Militia went up the road about three miles in the afternoon to work at some bad places.

Colonel Wolseley received a letter from Major Robertson, enclosing a medical certificate from the doctor at Thunder Bay, saying that he must return to Canada.

He will be ordered to Montreal to report himself to the Deputy Adjutant-General for the purpose of appearing before a medical board there.

Frequent showers during the night and morning, but roads very bad again, especially that between Brown's Corner and the Oskondagee Creek, which is reported by the teamsters and others to be almost impassable, nothing but the body of a wagon being visible above the ground, the wheels completely buried in the mud.

Orders sent to Colonel Fielden to move on with the 60th Rifles from Calderon's Landing to the Dam Site, going by boats as far as the Oskondagee Creek. The move of the head-quarters camp put off for another day, partly on account of the state of the roads.

Transport going on satisfactorily by water between Calderon's Landing and the Oskondagee, stores being taken up by the 60th Rifles ; Captain Peebles, at Calderon's Landing in charge of the stores and doing duty as Commissary.

No rain to-day, fine clear weather, roads drying up rapidly. Two working parties from the 1st and 2nd Militia Regiments sent out to work on the road about a mile beyond Young's Landing. No wagons sent up beyond "Brown's Corner," owing to the state of the road.

Mr. Dawson passed through this afternoon on the way to Thunder Bay to collect guides, some of the Indians from the mission who were engaged in that capacity having returned to their homes, tired of the work they are now doing.

Mails from "Chicora" arrived, as also Captain Wallace, 60th Rifles.

Colonel Wolseley and Head-Quarter Staff moved on to-day to the camp at the Dam Site, about 17½ miles further up the road, starting at 4 A.M. ; found roads drying up, but the so-called road between "Brown's Corner" and the Oskondagee Creek still very bad, in many places almost impassable, and for a few miles nothing but a track through the woods, unditched, un-corduroyed, with stumps of trees and boulders of rock still in the middle of the "road."

Lieutenant-Colonel Jarvis, 1st Ontario Rifles, marched at 5 A.M. from the Matawin to Calderon's Landing (6¼ miles) to replace the 60th Rifles, who moved up by companies in boats with stores to the Oskondagee.

Colonel Fielden, 60th Rifles, and Captain Dundas's Company, arrived at the Dam Site in the evening.

Colonel Wolseley went up to the camp at "McNeill Bay" on Lake Shebandowan by water ; found the camp pitched on the edge of the lake on a very pretty spot, with a little sandy beach in front.

The Royal Artillery and Royal Engineers, with the guns and ammunition, &c., encamped at a little distance by themselves, and the boats (22 in number) drawn up with their noses on the beach of a little land-locked bay about half a mile above the camp.

A beautiful day, clear and bright, not too hot.

The following is the text of a letter written by Colonel Wolseley to Mr. Dawson, on the subject of the voyageurs.

Land Transport Corps—		Horses.
Present fit for duty ..	26	
Absent on duty ..	135	
Sick, &c. ..	24	
		185

Monday,
July 11th, 1870.
Camp on the Matawin
River.

In general hospital, Thunder Bay—		Officers.	Men.
1st Bn. 60th ..	1	3	
1st Ontario ..	..	7	
2nd Quebec ..	1	5	
		2	15

Major Robertson, 60th, dysen-
tery ; Captain De Bellefeuille, 2nd
Quebec, diarrhoea.

Tuesday,
July 12th, 1870,
Camp on the Matawin.

In general hospital—		Officers.	Men.
1st Bn. 60th ..	1	3	
1st Ontario ..	..	6	
2nd Quebec ..	1	6	
		2	15

Major Robertson, 60th, dysen-
tery ; Captain De Bellefeuille, 2nd
Quebec, diarrhoea.

Thursday,
July 14th, 1870.
Camp on the Dam
Site.

“ Amongst the many men hired as “ voyageurs ” it is to be presumed that a few will “ prove unfit for their work and useless in managing boats.

“ In order to deter such “ soi-disant voyageurs ” from attempting duties and “ responsibilities of which they are ignorant, it must be clearly explained to all that orders “ have been given to the Officers Commanding Brigades of boats to leave behind on the “ first portage they come to any men employed as voyageurs whom they find to be “ incapable of managing boats skilfully. It is not enough that a man can pull an oar, we “ have a sufficient number of soldiers for that purpose. It is said on all sides that many “ men unused to boats have enlisted as voyageurs, hoping to work their passage to Red “ River by their manual labour at the oar. It is better that such men should at once “ understand that they positively will not be allowed to embark with the troops. Only “ two classes of men can be allowed in the boats, viz., the soldiers constituting the Red “ River Force and the skilled voyageurs capable of managing boats and of instructing the “ soldiers how to do so.”

Friday,
July 15th, 1870.

The remaining companies of the 60th Rifles, except one, arrived in camp from Calderon's Landing, Captain Young's Company going on in the afternoon to Lake Shebandowan to be in readiness to embark next day. Weather fine and bright till towards evening, when it clouded over with wind from the east, and about 10.30 P.M. commenced one of the most awful storms of thunder and lightning, accompanied with torrents of rain, that is possible to conceive, fortunately there was no wind, so the tents were not prostrated.

Mr. Dawson arrived from Thunder Bay, and reported that a fresh detachment of Iroquois Indians, 29 in number, had come from the neighbourhood of Montreal, having been collected and brought up by one of their own tribe without any directions from Mr. Dawson to that effect, a most unheard-of piece of energy on the part of an Indian. Preparations going forward actively for the despatch to-morrow of the first detachment of troops. Everything will be ready for them on our part, but Mr. Dawson's arrangements regarding oars, row-locks, sails, &c., are not quite so much to be depended upon.

Saturday,
July 16th, 1870.

The storm continued for some time last night, and then subsided into a drizzling rain ; towards morning the wind changed, and by 7 A.M. we had fine bright sunshine, with a strong wind from the west blowing right down the lake and in the teeth of the boats, which will have hard work to row against it.

Captain Calderon's Company, 60th Rifles, arrived at 3 P.M., so that there are now no regulars below this place ; 4 carts were hauled up from the camp to the lake this morning by men of the 60th Rifles; the distance is 3½ miles, and the track (for it is nothing more) had to be widened, and the carts dragged over by main strength.

Royal Art. and Royal
Eng., 2 officers, 38 men;
1st Bn. 60th Rifles,
9 officers, 101 men;
34 voyageurs and a
guide; in 17 boats.

In the afternoon Colonel Wolseley walked up to the camp on Lake Shebandowan, and personally superintended the despatch of the first detachment of troops in the boats; Colonel Feilden, 60th Rifles, went in command of the whole party, with an Indian from the Mission near Fort William as a guide. The troops, strength as per margin, went in 17 boats, constituting 3 Brigades, — A, B, and C; “A” Brigade, Captain Young's Company, 60th Rifles, in 6 boats, with two voyageurs in each boat; “B” Brigade, Captain Ward's Company, in 6 boats, with ditto; “C” Brigade Royal Artillery and Royal Engineers, under Lieutenants Alleyne and Heneage, in 5 boats, with ditto. It was 9 P.M., nearly dark, before they got off, owing to the strong wind which had been blowing all day making a heavy surf on the shore, preventing the loading of the boats; and also to delays in the equipment of the boats, the men having to make their own masts and spars and rig them themselves; as nearly as possible 60 days' provision were taken in each boat for all its crew, including the voyageurs, counting officers and voyageurs, each boat had 10 or 11 persons in it.

(Signed) G. J. WOLSELEY, Colonel,
Commanding Expeditionary Force.

Captain Ward's Landing, near Shebandowan Lake,
Saturday evening, 16th July, 1870.

Forwarded for the information of the Lieutenant-General Commanding in British North America, and for transmission to the Quartermaster-General of the Army, Horse Guards, London.

(Signed) G. W.

Sunday,
July 17th, 1870.
As about to embark.

LIEUTENANT DENISON left the camp at 3 A.M. with letters and despatches, to catch the steamer at Thunder Bay. Colonel Wolseley had great difficulty in getting the Iroquois Indians to work to-day, they saying that they were not engaged to work on Sundays, which was their only day for washing. Their scruples were overcome by the promise of an extra day's pay for the extra day's work; situated as the force now is, it is completely at the mercy of these Indians, nothing can be taken up the rapids between this camp and the lake without

60TH RIFLES—DISTRIBUTION.			
Com- pany.	Name of Captain.	N.-C. Officers, Rank, and File.	Station.
A	Dundas	50	Dam Site.
B	Wallace	50	Do.
C	Buller	50	Do.
D	Northy	50	Do.
F	Young	51	Shebandowan Lake.
G	Ward	49	Do.
H	Calderon	49	En route to Dam Site.

their assistance, and when they have made three trips they consider that they have done a day's work, no matter what the time of day may be. They are however capital men, and very civil. Their "boss," old Iquace, was one of Sir George Simpson's men, and also accompanied Dr. Rae on his Arctic Exploration. He has grey eyes, a great rarity amongst the Indians.

By dint of working hard, enough provisions were got up to enable two more Brigades to start, viz.: D and E Brigades, Captains Buller and Dundas, 60th Rifles. It was late before the last Brigade got off, and even then they had to go without voyageurs or a guide. The former were ready and the latter was not forthcoming at all,—a piece of bad management on the part of Mr. Dawson. These two Brigades were ordered to go as far as the first portage at the end of Lake Shebandowan, get over it and wait on the other side for their guide and voyageurs. The day was magnificent, fine and bright and not too hot, no sign of rain, barometer very high. The troops here and at the lake are now getting fresh bread and meat. The meat is killed at the Oskondagee Creek and sent up daily. The bread is baked in camp at one of the field ovens. This oven was in use for nearly seven weeks at Prince Arthur's Landing, and has been just established here. To-day this one oven, worked by only two men, turned out 470 rations of bread in 1½ lb. loaves in 12 hours. An order was sent to Colonel Casault, 2nd Militia, to send up two companies for duty here and at the lake.

Another fine day, but too hot, the roads are now in better condition than ever they have been in this season. A third detachment of boats, F Brigade, Captain Northey's Company, was despatched to-day, accompanied by Lieutenant-Colonel Bolton, Deputy-Assistant Adjutant-General. They started at 6 P.M., 60 days' rations embarked with them.

Major Irving and 2 Companies, 2nd Militia, marched in from the Matawin. One Company was sent on up to the lake, the other kept here. A Company of the 1st Militia also marched in from the Oskondagee, and was encamped here.

The remaining two Companies of the 60th Rifles were ordered to strike their tents and move up to the lake, but their baggage and camp equipage could not be taken up the river in consequence of the refusal of the Iroquois to work any more that day, and so their departure had to be postponed until to-morrow. Colonel Wolseley received a note from Colonel Feilden, dated this morning, from the Shebandowan Portage, saying they had "left their camping ground at 4.30 A.M., and reached the portage at 9 A.M., breakfasted and then carried the stuff over the portage. It was tremendous work, hauling the boats on skids was nothing, but it is carrying the barrels of pork and flour that tells on the men, owing to the number of times they have to go backwards and forwards." He said that "the Royal Artillery and Royal Engineers are much behind," owing doubtless to the quantity of ammunition they have.

The amount of work performed by the respective corps upon the road is as per margin, the Paymaster of the 60th Rifles having left, the return of that Regiment is only made up from the date of his departure, he having taken his accounts with him.

Another fine day, but very hot. Two Companies of the 60th Rifles marched on to the lake to be in readiness for embarkation, but only one (Captain Wallace's) was despatched owing to the difficulty in procuring the boat equipments, rowlocks, sails, &c.; during the day the wind changed to the east, and the barometer fell rapidly, and at 11 P.M. commenced another fearful thunderstorm, with torrents of rain, which lasted for some hours, and then subsided into drizzling rain. These thunderstorms recur with unpleasant regularity, and form a decided "feature" of the climate.

Major Wainwright and 2 Companies of 1st Ontario Rifles arrived in camp from Calderon's Landing.

A cloudy day with drizzling rain, which cleared up during the morning and passed into heavy showers and thunderstorms; a regular gale of wind from the west all day swept down the whole length of the lake (Shebandowan), raising a heavy swell, which fell into McNeill's Bay with such fury that it was quite impossible to load the boats, consequently no Brigade was sent off to-day, but had they been despatched they could have made no headway against the wind. A number of Iroquois arrived to-day and were immediately set to work to bring boats and stores up the rapids. The Indians find the difference between the Regulars and Militia in the boats, the latter do not work as well as the former, and are apt to "chaff" the Indians, a proceeding which has been strictly forbidden by Colonel Wolseley.

Two Companies of the 1st Militia marched in from below. Orders sent to Colonel Jarvis to halt at the River Oskondagee till further orders.

Towards evening the wind moderated, and a detachment might have been sent off had there been any rowlocks for the boats, but the absence of these most necessary articles prevented it.

Major Wainwright and 2 Companies 1st Militia marched to the Lake this morning to be in readiness for embarkation.

Captain Calderon, with H Brigade (6 boats), started this morning at 8 A.M. All the Regulars have now left.

Departure of 2nd Det. from Lake Shebandowan, D & E Brigade 60th Rifles, 7 officers, 100 non-commissioned officers, rank and file, 13 boats, 26 voyageurs and 1 guide; 60 days' rations for everyone are embarked.

Monday, July 18th, 1870. Camp at Ward's Landing, the Dam Site. Departure of 3rd Det. F Brigade, 60th Rifles, 3 officers, 49 non-commissioned officers, rank and file, 6 boats, 12 voyageurs, and 1 guide.

Tuesday, July 19th, 1870. Departure of 4th Det., G Brigade, 3 officers, 50 non-commissioned officers and privates of 60th, and 8 men Army Hospital Corps and Army Service Corps, and 2 Control officers, in 7 boats, with 14 voyageurs and 1 guide.

Wednesday, July 20th, 1870. Camp Ward's Landing.

Thursday, July 21st, 1870.

	No. of days' work done.		
	Ser-jeants.	Cor-porals.	Pri-vates.
60th Rifles, from 25th June to 16th July, including both days	122½	99	1,276
1st Militia, from 5th June to 15th July	135½	150	1,244
2nd Militia, from 9th June to 16th July	99	67	774½

Number of horses employed in the expedition, 146.
Number of horses originally sent, 150, of which 4 have died.

Number of farmers' horses now
going duty, 28.

Number of farmers' horses sent
back to Collingwood, 11.

H Brigade—

4 officers, 48 non-commissioned
officers and rank and file, 12 voy-
ageurs and 1 guide in 6 boats, 60
days' rations for everyone embarked.

I Brigade—

6 officers, 48 non-commissioned
officers and rank and file, 12 voy-
ageurs and 1 guide in 6 boats, with
60 days' rations for everyone em-
barked.

Camp, Ward's Land-
ing.

Another Brigade of boats might easily have been despatched this evening if we had had rowlocks enough. 1,000 were expected by the Algoma, but did not arrive; Mr. Dawson says they will certainly come by "Chicora," which is expected at Prince Arthur's Landing on Sunday morning. In the meantime Colonel Wolseley has had all the carpenters he could collect set to work at making wooden thowl pins, which are much better than iron ones, as they can be replaced in the woods when broken, whereas the iron ones are very liable to be lost or broken, and cannot be replaced after boats leave this. 100 per cent. spare ones are supplied to each Brigade of boats; and Colonel Wolseley has arranged for sending on a reserve supply to Fort Francis by Lieutenant-Colonel McNeill, who will start on the 31st instant. He has orders also to supply all Brigades he passes on the way, should they require any. Captain Huyshe and Lieutenant Denison, Orderly Officers to the Colonel Commanding, started at 5 p.m. in his gig. They will overtake Colonel Feilden before he reaches Fort Francis. Colonel Wolseley will do so also, and will proceed on in the gig when he does so, to that place.

Friday,
July 22nd, 1870.
Camp, Ward's Land-
ing.

Lovely morning, but with a strong wind from the east, which caused the barometer to fall considerably although there was no rain.

1 field officer, 2 staff sergeants,
2 staff officers, 8 sergeants,
2 captains, 8 corporals,
4 subalterns, 2 buglers,
82 privates—Total, 102.

K Brigade, 1st Militia—

4 officers, 49 non-commissioned
officers and men, 12 voyageurs, in 6
boats.

L Brigade, 1st Militia—

3 officers, 48 non-commissioned
officers and privates, 12 voyageurs,
and 1 guide, in 6 boats.

Lieutenant-Colonel Jarvis, with two Companies of 1st Militia, as per margin, marched in here, 2 other Companies of that same regiment struck tents at daylight and marched to Shebandowan Lake, one to embark to-day, the other to-morrow.

Both K and L Brigades got off early this afternoon, having over 60 days' provisions for everyone embarked, besides reserve stores for Fort Francis. A field hospital (in bell tents) for 36 patients, and a bakery, are to be established there. All the medical comforts and stores for both have gone forward, being distributed throughout the several Brigades.

An exact embarkation return of everything that has been sent forward up to this evening is forwarded by this mail, for the Quartermaster-General's information, through the Lieutenant-General Commanding in British North America.

Colonel Wolseley will start to-morrow in a light canoe, so as to overtake the leading detachment before it reaches Fort Francis. He will see two more Brigades off, M and N, before he leaves. That is $\frac{1}{2}$ of the whole force will have left before he starts; Lieutenant-Colonel McNeill, V.C., will see off the remaining $\frac{1}{2}$ next week.

Each Brigade has taken a certain amount of extra supplies, so that it is expected that when all have embarked, provisions to last the force up to 30th September will have left with it.

Arrangements have been made for the despatch of a mail to Fort Francis every 15 days.

The foregoing copy of a journal of events is forwarded to the Deputy Quartermaster-General in Canada, for the information of the Lieutenant-General Commanding, and for transmission to the Quartermaster-General of the Army, Horse Guards, London.

(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

Camp, Ward's Landing,
23rd July, 1870.

Sir,

M Brigade—
1 Comp. 1st Militia.
N Brigade—
1 Comp. 1st Militia.

I HAVE the honour to forward for the Lieutenant-General's information the enclosed Embarkation Return of the troops that have left McNeill's Bay, Shebandowan Lake, up to last night, the 22nd instant. The detachments noted in the margin will leave this afternoon.

It blows so heavily from the west nearly every day, that there is sometimes much difficulty in loading the boats. I heard from Colonel Feilden on Monday, he was then successfully over the first portage.

I start myself to-day in a canoe, taking Assistant Controller Irvine with me, and hope to reach Portage Nu in time to accompany the first detachments into Fort Francis.

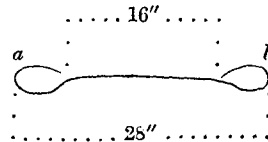
I forward to you with this letter a copy of my journal completed up to last night.

I have, &c.
(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

The Deputy Quartermaster-General,
Canada.

COLONEL WOLSELEY, accompanied by Assistant-Controller Irvine, started in a bark canoe from McNeill Bay, Shebandowan Lake, about 4:30 P.M. M and N Brigades, having two companies of 1st Militia on board, started to-day. Weather lovely. Colonel Wolseley encamped about nine miles down the lake, on the north shore, at a point where several of the brigades had encamped before. The place was covered with raspberries. All the north shore of Shebandowan Lake is devoid of trees, fires having evidently swept over it several times, at various intervals, for many years past. The blackened trunks of trees here and there, and sometimes in great quantities, standing up without branches, present the dreariest of aspects. There is but little soil anywhere, the bare rocks cropping up into view at all points; the woods on the south shore have been very little injured by fire, but their growth is small, bespeaking poverty of soil. All these Canadian lakes are like one another, so much so, that when there are many bays and islands, it is most difficult to find one's way about them; all points resemble one another so closely. This is unfortunate, as most of the brigades of boats are without guides, and the maps give one no idea whatever either of the shape of the lakes, or the islands in them. The only safe way of getting along is by compass; the maps are sufficiently good to enable one to do so with tolerable accuracy.

Colonel Wolseley started at 4:30, and at 7:45 A.M. reached the Kashabonne Portage, about 20 miles distant from McNeill's Bay. There was a great jam of men, &c., on the Portage, which is about 1,200 yards long. Two brigades can work at one time by dividing the distance into two parts. Thus a brigade arrives, and transports its material, provisions, and boats, to a point half way across: it then begins to move them on the other half of the distance, to the far end. The brigade immediately in rear working on the other half of the portage in moving its boats and stuff to the half way place. Two brigades were thus employed when Colonel Wolseley arrived, and two others were waiting their turn to begin. The jam was so great that Colonel Wolseley at once sent back ordering only one brigade of boats to be despatched per diem for a few days to come. The great stoppage originally arose in front, where Colonel Fielden's three brigades were greatly delayed by the Royal Artillery, who, in addition to their provisions, had two guns and a good quantity of ammunition and military equipment, which occupied much time in portaging. The portages were far from being finished, as we had been led to believe they should have been upon the arrival of the troops, so that Colonel Fielden's party were delayed by having to work upon them, cutting out wide roads and laying down skids as rollers for the boats to be dragged over upon. Carrying provisions over a portage is very severe labour. The common method with Indians and experienced voyageurs of doing so, is by means of a long ox-hide strap composed of three pieces; the centre one is 26 inches long, and $3\frac{1}{4}$ inches wide, tapering off at each end to one inch in breadth, where it is joined by the two other portions, which are each 7 feet 4 inches long, and one inch wide at broadest, and $\frac{3}{4}$ inch wide at narrowest end. The narrow straps are sewn to the centre broad one, the whole forming thus a strap of 9 ft. 6 in. long. It is used thus: the long ends are fastened round the barrel or box to be carried in such a manner as to leave a loop where the centre broad part of the strap is, of just sufficient size to allow the head to pass through it, and the broad band placed against the forehead. In this way almost the whole strain is brought upon the backbone or vertebrae of the neck. Our half barrels of pork are the heaviest packages we have to carry; they weigh nearly 200 lbs. An experienced voyageur thinks nothing of it, but it takes a long time before the soldiers can carry one in this manner. After a few days our men soon begin to carry light loads, such as barrels of flour, or biscuit, in that manner. The common way, however, in which our men carry the heavy articles, such as pork and arm chests, is on a hand barrow, made with two small poles (which are easily cut anywhere in the woods) united by two pieces of rope, having loops at each end. The extreme length from *a* to *b* being 28 inches when the loops were pressed flat. The loops when pressed flat were 6 inches long. This was found to answer admirably, and to be better than any other of the methods recommended by others who had previously made journeys of this nature. To ease the weight of the barrels on the hands, the men usually fasten their portage straps to the poles, letting the broad part of the straps rest across their shoulders, much in the same way as the wooden yoke rests on the shoulders of a milkman in England, when carrying pails of milk, or as sedan chairs used to be carried in former times. This was found to be the easiest way of carrying the heavy pork barrels. Colonel Wolseley had these rope slings constructed before leaving Prince Arthur's Landing, for issue to each boat.



The boats are hauled over the portages on their keels, which are kept off the rocky ground by means of pieces of trees from 8 to 10 ft. long. The best trees for the purpose are the poplar, which happily abound in this arid soil, as their bark is so slippery that it is like hauling boats over greased rollers. Whatever trees are used, they should be green, and have smooth bark. At steep places it is necessary to keep these skids in their places by pegs driven into the ground alongside of them. Previous to the troops starting from Shebandowan Lake, Colonel Wolseley had requested Mr. Dawson to put some carts upon these first portages, and had handed over to his representative at Shebandowan Lake—Mr. Graham—10 of the military transport carts for that purpose. Four had arrived at the first portage when Colonel Wolseley arrived there, and were found to be of the greatest service, as the men can drag any weight with comparative ease, but carrying even light weights is much more fatiguing.

In opening out a portage, it is essential that the road made for the boats should be entirely distinct from that to be used by the men in carrying, for as there must be skids laid down for the boats, the labour of carrying is immensely increased by the exertion of having when heavily laden, to step over these skids. This is a most important point, and one not likely to strike those who have never had to portage a load themselves.

The manner in which the men are working is most satisfactory. The officers vie with their men as to who shall carry the heaviest load; the consequence is that all work with a will. The heat was very great upon this portage, which rendered the labour all the more fatiguing.

A canoe from Red River reached the portage at the same time that Colonel Wolseley did; in it were four men, two were Indians, one a half-breed, and the other a Canadian. They had letters for Colonel Wolseley, from Mr. Simpson and from Mr. Donald Smith, at Fort Francis, dated 11th July. All said to be quiet in Red River. These men were doubtless spies of Mr. Riel's, come to see what we were about and how we were getting on. They could not give any good account of themselves. However, there is no objection to their seeing everything they can. Colonel Wolseley has adopted measures for keeping them well in the rear of the Expedition until he reaches Fort Garry with the Regular troops.

Colonel Wolseley and party left the Kashabonne portage at 11.30, and reached the end of the lake of that name (which is 8 miles long) at 2 P.M.

Between Kashabonne Lake and Lac-des-Mille-Lacs lies the high land forming the watershed between the Hudson's Bay and the Gulf of St. Lawrence. Lac-des-Mille-Lacs discharging its waters into the former, and the Kashabonne Lake into the latter. The intervening space between these two lakes is about $2\frac{1}{2}$ miles in width. There are, however, two small ponds in it. Mr. Dawson's schemes, as detailed in his printed books, was to make a short portage into the eastern pond, launch our boats there, row across the pond with all our staff for $\frac{3}{4}$ mile, and thus make a portage of 1,100 yards into Lac-des-Mille-Lacs. Fortunately as the water was high we were able to make one portage of all the distance, by going up a small shallow creek into the western pond and landing at the far end of it, by which measure we had only one portage of about 1,900 yards long. This shallow creek was, however, so choked up with reeds that all the men had to get out of the boats into the water and pull the boats through. The portage was a very heavy one. Four companies were on it, two only could work at a time. We found that all the Iroquois with these companies refused to work because it was Sunday. Colonel Wolseley promised that they should be paid for Sundays when they worked, and Mr. Dawson coming up at the time was able to arrange matters with them, but not until most of the day had slipped by. They all said the same thing, that Mr. Dawson had employed them last year, and having promised them extra wages if they would work on Sundays, had not kept his word, and that they never received a farthing for doing so. They all stated that they were not hired to work on Sundays. Unfortunately we have had to depend throughout upon officials of the Canadian Government for many things in connection with this Expedition, and the only difficulties or hitches in the arrangements have been regarding these points and matters not exclusively military, or entirely under our control. The provision of guides and voyageurs come under this head; all the latter have been engaged by Mr. Dawson; so that we are even ignorant of the terms upon which they have been hired, and consequently Colonel Wolseley is not in a position to contradict any statement they make to him regarding their agreement.

Colonel Wolseley and party encamped for the night on the south shore of Lac-des-Mille-Lacs a few miles away from the portage. The weather was very fine, but too warm at midday to be pleasant for the excessive labour which portaging entails.

*Monday,
July 25th, 1870.*

Colonel Wolseley's canoe under weigh at 5.30 A.M., and reached Baril Portage at 1.15 P.M. Lac-des-Mille-Lacs should rather be called Lac-des-Mille-Iles, for the islands seem to be without number. They are unfortunately very much alike in appearance, so that it is difficult to find ones way about through them. The only safe way of doing so is to steer a course by the compass, for even the guides frequently lose themselves for a time. The scenery on this Lake is very pretty, everything is so green, as the fires which have devastated the shores of the Lakes behind have not touched those of this many-isled expanse of water. The shores, however, are quite unfit for settlement, as there is only a little surface soil and moss spreading over the under-lying rocks which crop up and show themselves at every 100 yards. The timber is consequently very poor, nothing worth cutting for lumber purposes anywhere to be seen along our track. From the portage at the Height of Land to the Baril Portage the distance is estimated to be about 20 miles. Baril Portage

is 350 yards long, and has a high hill in the centre which increases the labour of carrying very much. The road cut for the boats, however, skirts the hill at an easy gradient. F Brigade (Captain Northey's Company; 60th Regiment) were on the portage when Colonel Wolseley arrived. Started again at 3.45 p.m. and halted for the night at the western extremity of Baril Lake (about 9 miles long), as the sun had set before the exact spot where the portage was could be found. A violent thunderstorm with heavy rain during the night. The day had been very fine. Thunderstorms come on in these regions most suddenly, and they are very heavy and violent whilst they last, but they quickly pass over.

Started at 6 A.M. to try and find the portage, we had only gone a short distance when F Brigade led by Mr. Dawson, who had a guide with him, came in sight. His guide at first wished to take the boats down a bay that Colonel Wolseley had explored the previous evening. Upon being assured that the portage was not there, it was determined to try a bay on the other side of the point, where the portage was found to be, at which all arrived at 7.30 A.M. *Tuesday,
July 26th, 1870.*

Brulé Portage is 500 yards long, but the boats were put into a little creek that runs between Baril and Windegoostiquou Lakes at half that distance, although the provisions, &c., had to be carried the whole distance over the portage.

Embarked again at 9.45 A.M. and proceeded along a winding rushy stream into Windegoostiquou Lake, which is rather several small lakes connected by creeks. At 2.15 P.M. reached French Portage, which is 2 miles long, very hilly, and swampy.

A small winding stream connects Windegoostiquou with French Lake. At first as you leave the former lake the stream is shallow, rocky, and very rapid at places. About $\frac{3}{4}$ mile down it there are falls, around which we cut out a new portage, so as to avoid the long and very bad old one. The new portage is 440 yards long and very steep and rocky, indeed a bad one, but it is a good one compared with the old one, which would certainly have taken a brigade of boats three days to have got over. Below the portage the stream is deep, very narrow at places, and with such sharp turns that it was difficult to get the long boats round them. From the portage to French Lake the distance must be over 12 miles by this stream, although it is only two miles in a straight line. French Lake is very picturesque, being circular, and about $1\frac{1}{2}$ miles in diameter. It has a pretty island near its western side.

D and E Brigades (Captains Buller and Dundas, 60th Rifles) were on the portage all day getting their boats and stuff over. The day was lovely. The temperature on the western side of the watershed is much milder than to the eastward of it, and the farther west the Expedition goes, the more it descends, the level of French Lake being 150' lower than that of Lac-des-Mille-Lacs. On French Lake to-day a humming bird was seen for the first time. Great quantities of Labrador tea (*Tedoma Polustre*) grow about this part of the route. There are great quantities of leeches in all the shallow, rushy portions of the lake passed through.

Encamped at foot of old portage on eastern side of French Lake, where the ground is well adapted for the purpose. In former times when this portage was used as a great highway by the North-West Company, they kept carts on it, and there is still the remains of some old corduroy work to be seen in its worst swamps.

Everything ready for starting at 4 A.M., but at the last moment it was discovered that some things had been forgotten on the other side of the portage, which had to be sent back for. The consequence was that it was nearly 8 A.M. before the canoe got off. *Wednesday,
July 27th, 1870.*

A winding river of about two miles long, thick with reeds and water lilies in flower, leads into Koagassikak (Pickerel) Lake. A strong westerly wind prevented all further progress, as the water was so rough that the waves washed over the gunwale of the canoe. Colonel Wolseley's party had consequently to halt at 10 A.M. in a sheltered spot on the southern shore, and remain there until 3 P.M., when a fresh start was made, the wind having somewhat abated, and "Pine Portage" was reached at 7 P.M. It is a difficult spot to find. Some very fine pines stood upon the portage. Indeed some good timber was seen for the first time to-day in any considerable quantity. There are some fine pine trees on Koagassikak Lake.

It rained in the evening, but the day was fine.

Colonel Wolseley went back a considerable distance into Koagassikak Lake to blaze the trees at every point to show the way to the brigades in rear. *Thursday,
July 28th, 1870.*

The lake is about 15 miles, and very pretty, although the character of its scenery is like that already passed over. Colonel Wolseley met D and E Brigades under sail. There was a mirage on the lake, making all objects appear more distant than they really were. These two brigades (12 boats) coming down under sail through the islands, which cover more than half the western end of the lake, presented a truly lovely picture that was charming to any one fond of scenic effect. "Pine Portage" is only 550 yards long, and is a good and easy one. Colonel Wolseley's canoe left it at 11.15 A.M. Paddling across a small lake of little more than a mile in extent, "Deux-Rivières Portage" is reached, working on which were A, B, and C Brigades under Colonel Feilden, 60th Rifles, consisting of two companies of the 60th and detachments of Royal Artillery and Royal Engineers.

This portage is 750 yards long, very steep and bad, requiring a great deal of work to fit it for the transportation of boats. A party of Iroquois Indians (10 men) had been sent on ahead, and had opened the road and laid down some of the skids before Colonel Feilden arrived. Started again at 2.45 P.M. and went on until 3.15, when we halted and encamped.

Colonel Wolseley went back and blazed the way, which is very tortuous and not easy to find. There is a very shallow, rocky place in getting out of the little lake on the west side of Deux-Rivières Portage, of which the route is through a marshy creek, overgrown with reeds and lilies. The latter are of two sorts, one the common yellow one, the other the beautiful white one having a large flower. The day was very fine, but warm. Colonel Wolseley's gig, with its crew of soldiers and his orderly officers, Captain Huyshe and Lieutenant Denison, joined his camp this evening.

Friday,
July 29th, 1870.

A dense fog in the early morning, which did not clear off until 6 A.M., which delayed the party from starting. The route is very winding, and owing to the numerous long bays extending in every direction, it is very easy for any one not well acquainted with these lakes to go astray. Colonel Wolseley's party, in their canoe and gig, kept well ahead of Colonel Feilden's detachment all day, blazing trees at every point and turn of the route in such a manner that the marks can be seen at a considerable distance. Having this well done along the route saves a great amount of time to all those coming up afterwards, for when there is a doubt as to the true course, much valuable time is always lost, and no one likes to push on quickly when doing so may perhaps be leading them a long distance astray.

Sturgeon Lake is very pretty; it is about 16 miles long, and from $\frac{1}{4}$ to $1\frac{1}{2}$ miles broad. When about half-way down it at 11 A.M., a large north-west canoe came in sight, manned by Iroquois; in it were Mr. Pether and Mr. Simpson, M.P. The former has been living at Fort Francis since March last, having been sent there by the Ottawa Government to arrange with the Indians for the right of way for our troops through their country. He spent all the spring going about amongst the people informing them of our intention to move troops through this district in the summer, but confining himself strictly to this point, informing them that he had no instructions to treat with them for their land. Mr. Simpson was sent up subsequently to make a treaty with them, Mr. Pether having prepared the way.

Mr. Simpson reached Fort Francis about the 8th June, and found a large assembly of Indians there awaiting the arrival of the troops. He had numerous interviews with Chiefs and head men, who at one time debated the propriety of resisting by force of arms the passage of troops through their country. They gave that up after some time, it having been impressed upon them that to attempt to do so would be simply folly. The demand they made finally was, that every Indian belonging to this part of the world, man, woman, and child, should receive 10 dollars a-year from Government, besides a large present of pork, flour, tea, and tobacco to be given to them here collectively for a feast. Mr. Simpson told them that their demand was extravagant, if not preposterous, and that he would recommend them reducing it to 3 dollars a head, a proposition they would not listen to. They would not accept any of the presents of clothing Mr. Simpson had brought for their chief, and I believe that unless liberal terms are made with them next year, it will be impossible for individual settlers to pass through the route we have followed, or for Mr. Dawson's parties to work at any of the portages. These Indians say they are prepared to await the decision of Government until next year, but they will then expect to have a regular treaty made with them, such treaty to promise a perpetual stipend.

Our Government has always been injudicious in promising them perpetual annuities. The Yankees are much wiser, as they always make their treaties for a certain number of years, generally about thirty years. A large proportion of these Ojibeways live on American territory, in the neighbourhood of Vermillion Lake, who are now enjoying the benefits of a terminable treaty made with the Government at Washington. However, as affairs stand now, an understanding with these Indians has been come to, securing to our troops an unmolested passage through their country. This is a great matter, for although I do not believe it possible for them to combine as one nation in any great enterprise, yet this country is such a network of lakes, that even a hundred of these men knowing every island and every portage could inflict great loss upon regular troops whilst forcing their way through to Red River by this route. The natives all use small canoes, capable of holding three people, which one man or woman portages easily for long distances. To pursue them would, therefore, be out of the question. We halted for dinner on an island in Sturgeon Lake, being now joined by Messrs. Simpson and Pether. They brought letters from Mr. Donald Smith, the head of the Hudson's Bay Company in Canada, who had started from Shebandowan Lake on the 6th July, *en route* for Norway House with two large canoes, reaching Fort Francis on the night of the 10th, Rat Portage on the 14th, and Fort Alexander on the 16th of that month. He reports that we shall be able to get three or four head of cattle at the first-named place, one or two at the second, and about ten at the last-named place, which will be a great boon to the men after living so long upon salt pork. He says that some of Riel's scouts have been seen on one of the portages not far from Rat Portage, but that on being seen by the Hudson's Bay Company's men they made off quickly. The last news from Red River announces everything quiet, Riel still in possession of Fort Garry; the only serious information is to the effect that all the French half-breeds who had been employed by the Hudson's Bay Company to take up supplies from the settlement to the outlying posts of the Saskatchewan and Mackenzie Rivers had gone part of the way, and then refused to go any farther, returning to their homes near Fort Garry. It is possible that Riel may be at the bottom of all this, in order to keep up the number of his adherents.

Started again at 1 P.M., and soon reached the heavy rapids of Sturgeon River, about which we had heard such a gloomy account at Ottawa from those who professed to know them well. They are four in number and all close together. At the first we disembarked the men, when the boats were taken down by the Iroquois, one only being injured, which

was the only one taken down by the ordinary Canadian voyageurs. At the second rapid, cargoes as well as men had to be taken out and portaged over a distance of 100 yards, the boats being then run safely down by the Iroquois. The third and fourth rapids were run with men and cargoes in the boats, the Iroquois steering the boats. A party of Iroquois under the celebrated guide Iquace, was left there to do the same for all the succeeding detachments. Colonel Wolseley having nailed up a notice at the first rapid, that all Officers Commanding Brigades were to halt until Iquace arrived, should he be absent with other Brigades, and were to act precisely as he would tell them. It is possible that the water may fall a good deal; if so, it may become necessary to portage the boats as well as their cargoes. The day was bright and lovely; climate becoming more genial every day as we descend towards the Winnipeg basin. Encamped below rapids.

Party started at 5.5 A.M., and though there was a slight fog, soon run across Tanner's Lake, at the outlet of which there is a very bad rapid (Tanner's), where boats have to be unloaded and stuff portaged a distance of 175 yards, the empty boats in the existing state of the water are run, which is fortunate, as the approach to the portage is extremely shallow. Starting again at 7.30 A.M., and reached Island Portage at 8 A.M. It is only 90 yards long. All hands set to work to make a road for the boats and lay down the skids. Started again at noon. Encamped at 6.30 P.M. Lovely day.

*Saturday,
July 30th, 1870.*

Started at 5 A.M. We now leave the usual route which passes in a northerly direction from about the centre of Lac-de-Croix (or Nequaquon) for a distance of about 6 or 7 miles, and then bends at a right angle westerly, falling into the eastern extremity of Namekau Lake (spelt incorrectly in Mr. Dawson's maps, Nameakaw), along this old route there are two portages and two very dangerous rapids, where Mr. Smith's canoe was twice broken during his recent voyage, although manned by the best Iroquois.

*Sunday,
July 31st, 1870.*

The route we followed runs from the south-west extremity of Lac-de-Croix in a southern by easterly direction into Loon Lake for about 6 miles, then bends westerly at a right angle, and then by a northern by westerly course into Namekau Lake, having three short portages on it, and avoiding all rapids.

Reached the first portage at 8 A.M., it is 223 yards long. Breakfasted and set to work to cut open a wide road for the boats and prepare skids, &c., &c. It is surprising with what skill and rapidity the Indians and Canadian backwoodsmen cut down trees; those under 18 inches diameter seem to be swept down before their axes as if by magic. In addition to their skill in wielding the axe itself, they follow a regular system in cutting one down, instead of hacking at it all round as our inexperienced men do, they make a clean wedge-shaped cut into it, the end of the wedge being as near a right angle as possible. When they have thus cut about half-way through the thickness of the tree, a small nick cut on exactly the opposite side of the tree causes it to fall precisely in a line at right angles with the bottom of the first cut (*i.e.* the edge of the wedge), it is in this way they are able to cause any tree that is vertical, to fall in any required direction.

Before all the skids were laid, Colonel Fielden's detachment arrived, our party started and soon reached the 2nd portage, which is 340 yards in length. Set to work to open a road. There were several Indians on the portage when we arrived. They are all most importunate beggars; the women are much dirtier than the men, and except in extreme youth are most repulsive in appearance. They are covered with vermin, for which they are perpetually scratching and hunting. One of the old women met to-day seemed to be a very great age. We were told that some years ago, during a hard winter, she was one of a party that being in a starving condition had eaten human flesh.

Started again at 5.30 P.M. for the third rapid, which was only a mile distant. It is 71 yards long and very easy. Encamped there for the night. Here and at many other places where we have halted, there is a good deal of the plant called poisoned ivy. The leaf is shaped like a hazel leaf, but is not quite so deep in colour, and is smoother on the surface and along the edge. The leaves grow in triplets from the same part of the stem. It is perenial. In height it is from 6 to 12 inches.

Both Mr. Pether and Mr. Simpson stated that they had suffered from its effects, which are most serious. If the leaf is plucked, or rubbed against the face or hands, or if a man with bare feet runs over it, it causes the part to swell dreadfully, a severe rash coming out, every little spot of which forms a sort of blister, the discharge from which communicates the poison to other parts of the body. Those who get it in the face have their heads so swollen that they cannot see. The pain from irritation is excessive. Both those gentlemen said that when they suffered from it they could only obtain relief by sitting in water. The attack lasts about nine days, although it sometimes leaves symptoms about the body for many months afterwards. They also state that some people can handle it with impunity; this is the only way in which their account of it can be reconciled with the fact that Indians camp frequently with it all round them, when their children must necessarily touch it constantly.

En route at 5 A.M. At 5.15 P.M. reached Bare Portage, which consists really of two short portages divided by a small pond. Encamped for the night at northern extremity of the portage, where the mosquitoes were very thick and most annoying. Met numerous parties of Indians during the day, all "very hungry." It rained a little during the night, but the day had been very fine.

*Monday,
August 1st, 1870.*

All hands at work at 4 A.M. in making a good road over the portage. Colonel Fielden's detachment arrived at 8.15 A.M. We started at 9.30. It soon began to blow hard from the N.W., so much so that we were forced to halt and take shelter on an island where the blueberries were in greater luxuriance than any of the party had ever seen before; they

*Tuesday,
August 2nd, 1870.*

were as large as small grapes. The islands and rocky promontories have abounded with them since we crossed the watershed. At this season they constitute the staple article of food with the Indians. It blew hard all day; got on a little distance towards night. It rained in showers, but the day was mostly fine.

Wednesday,
August 3rd, 1870.

As we started at 6 A.M. we saw the 17 boats of Colonel Feilden's detachment coming up the lake. Had to halt from about 8 A.M. until 3 P.M., owing to strong westerly winds, against which the boats could do nothing. Encamped for the night on an island near westerly extremity of Rainy Lake.

Thursday,
August 4th, 1870.

Under weigh at 4.15 A.M., and reached Fort Francis at 6 A.M. Upon turning into the river from the lake there are two swift, but easily run and safe rapids. Lieutenant Butler, 69th Regiment, met us at these rapids; he had reached Fort Francis in the morning at 3 A.M., and had gone on to the mouth of the river to await Colonel Wolseley's arrival. The Lieutenant-General Commanding had sent this officer round *via* St. Paul and Pembina for the purpose of obtaining information regarding the rebels' doings, with orders that he should proceed on to meet the Expeditionary Force as best he could, so that Colonel Wolseley should be in receipt of reliable information coming from an uninterested party before he entered the province of Manitoba. Lieutenant Butler had left Fort Garry on Sunday, the 24th July, every one in the settlement seems panic-stricken. The French afraid of the English-speaking people, and *vice versa*, both being in the direst dread of the Indians. All the Indians and the loyal people are most anxious for our arrival. He had been called upon by Mr. Riel who is evidently very nervous about an amnesty, for which Bishop Taché is supposed to have gone to Ottawa. We shall have no difficulty about supplies in the settlement, as there is plenty of beef and plenty of flour.

Fort Francis is a collection of wooden one-storied houses, standing on the right bank of Rainy River, immediately below the falls, which are 22 feet high. It is a lovely spot combining everything that is required for picturesque effect, except high mountains. The grass is most luxuriant, nothing to be seen superior to it in any part of Canada. There has at one time been a considerable clearance in the neighbourhood of the fort, but a second growth of scrubby trees has been allowed to encroach upon it. There is a good field of wheat, barley, and potatoes. The wheat is ripe and fit for cutting, which is to be begun to-morrow, it was sown between the 20th and 22nd April; the potatoes were sown between the 6th and 8th May, and are now being used. There were about 10 or 12 Indian lodges on the portage, but the ground around showed marks of where a large encampment had lately been. A great number had assembled hoping to see us arrive bringing them presents of all sorts of things to eat. They remained waiting on and on until hope deferred had made their stomachs sick from want of food. It was in this one respect very fortunate that we did not reach this place a month earlier, for we might have had some serious trouble with such a hungry crowd of people for whom we could not spare any provisions.

There are several Indian graves on the portage, in some the bodies enclosed in wooden boxes are raised in a horizontal position about seven or eight feet from the ground, resting on a framework. These are the bodies of Chiefs and their families. The principal Chief is now encamped here. He is a very old man, excessively dirty, with his head a little to one side, whence his name of Crooked Neck. At the great council held here upon Mr. Simpson's arrival, this mighty Chief was one of the greatest orators. Upon that occasion all he wore upon his person was a breech cloth and a brass ring round his neck, his face and body was, however, painted bright yellow.

Colonel Fielden's detachment arrived at 10 A.M., and got over the portage, which is 170 yards long, and was off again at 3.30 P.M. The day was very fine.

Mr. Monkman arrived at the same time as the boats. When leaving Thunder Bay for Red River about the 17th June last, he had promised that he would come back so as to meet Colonel Wolseley about the end of July at Fort Francis, bringing with him the latest intelligence and information regarding supplies and the feasibility of having the road made from the north-west corner of the Lake of the Woods to Fort Garry. He had left the lower settlement on the 20th July, bringing letters to Colonel Wolseley from the Bishop of Rupert's Land and from a Mr. Boyd, who had been recommended as a good man to apply to regarding supplies. Colonel Wolseley also received letters from Henry Prince, the Chief of the Swampy Indians, full of loyalty, and breathing dislike to Riel and his party. The refrain of all these letters is, "Come on as quickly as you can, for the aspect of affairs is serious and threatening." Monkman had come up the Winnipeg to Fort Francis; but when going into the settlement, had landed at the north-west corner of the Lake of the Woods, and followed his old blazed line along a good sandy ridge to White Mouth River, where he got on Mr. Snow's road, which has been made from Fort Garry to that point. He says that but little labour would be required to make the track passable for carts, as there are only two or three bad marshy places, but that there are a vast number of fallen trees which would have to be removed.

Friday,
August 5th, 1870.

A fine day. D and E Brigades arrived at 4 P.M., and left again in the evening. All the brigades leave their incompetent voyageurs here, who will be sent back by the first opportunity. Guides are also obtained here, from the Hudson's Bay establishment, and selected from men that accompanied Lieutenant Butler in his journey from Red River. It is expected that we shall be able to obtain more guides at Rat Portage, particularly as there are several boats coming up the Winnipeg from Fort Alexander with stores, the men of which will be available as guides and boatmen in descending.

Saturday
August 6th, 1870.

Strong westerly winds all day, against which no boats could make any way. No boats arrived. A few showers.

Strong westerly winds. No boats arrived. Fine day.

Fine day. F Brigade arrived at 7:15 A.M., G arrived at 8 A.M., H at 12:15 P.M., I Brigade at 2:45 P.M. The last brigade consisted of a company of the 1st Militia, and is to form the garrison for Fort Francis. It encamped on the high grassy bank near the fort. The other Brigades, having been furnished with guides, started off, each Brigade independently, as soon as it was over the portage. They discharged all the surplus stores they had brought here for the establishment to be kept here. They left one boat here, the stern post having come bodily out of it. Up to the present every one says the best boats are those that were built at Quebec; they are carvel built, and are certainly twice as strong as the clinker built ones; they are also much more easily repaired when injured.

Sunday,
August 7th, 1870.
Monday,
August 8th, 1870.

To-day K Brigade, Captain McDonald, 1st Ontario Rifles, arrived at 11:15 A.M., and left at 5 P.M., leaving some of their voyageurs behind, who were reported to be incompetent. This detachment had tampered with their barrels of pork, opening them and pouring out the brine, to lessen the weight. No less than 24 out of 31 barrels were found on examination to have been tapped in this way, so fatal to the meat, which, deprived of the brine, soon spoils. It was supposed that this company of Militia had been put up to this dodge by an old Serjeant of the Royal Canadian Rifles serving with them. Colonel Wolseley was very angry when he heard of this.

Tuesday,
August 9th, 1870.

The boat carpenter arrived this afternoon to work at repairing boats, as the brigades pass through. Rained hard at intervals during the day: heavy showers, with bright, warm sunshine between them. Preparations made for the head-quarters to leave to-morrow morning for Fort Alexander; Colonel Wolseley, and Assistant-Controller Irvine, in a birch-bark canoe manned by eight Indians; and Captain Huyshe and Lieutenant Denison, Orderly Officers, in the gig with four soldiers and two Indians: they embarked 14 days' rations for all hands.

Forwarded for the information of the Lieutenant-General Commanding in British North America, and for transmission to the Quartermaster-General of the Army, Horse Guards.

(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

Fort Francis, 9th August, 1870.

COLONEL WOLSELEY and Staff left Fort Francis at 5 A.M., en route for Fort Alexander. Wednesday,
August 10th, 1870.

Descended Rainy River easily and quickly, making about $5\frac{1}{2}$ miles per hour, on an average, the current helping. The banks of this most beautiful river present a pleasing contrast to the country we have hitherto passed through. The soil is rich; elm, oak, maple, and other hard wood abound, and there is a rich profusion of undergrowth—rose bushes, convolvulus, and vetches, in great luxuriance. A little below Fort Francis is the old deserted post of the North West Company. On both sides of the river, here and there, open park-like expanses of many acres in extent are met with; the grass very green and luxuriant, and free from undergrowth; the timber, however, is small, and apparently not over 20 or 30 years old. These open spots are much more frequent on the north bank than on the south bank.

At 8 A.M. stopped for breakfast one hour; at noon passed the first rapids, 32 miles from Fort Francis; these rapids are not difficult to run, they are short, but rough, with a good tumbling sea that splashes over, and forms numerous eddies and whirlpools.

The second rapids are $6\frac{1}{2}$ miles below the first, they are a little longer, but not so rough. At 12:30 came up to K Brigade, which had left Fort Francis at 5 P.M. yesterday, and were halted for dinner—Colonel Wolseley and party halted for the same purpose near them—till 2 P.M. On again till 6 P.M.; halted for 2 hours for tea and to make everything ready for drifting down the river during the night. It being a fine evening, and the moon nearly full, Colonel Wolseley resolved to try the plan (said to be adopted by the Hudson Bay Company) of lashing the canoe and gig together, and letting all hands turn in except one man in each boat, who keeps watch and steers. Just at sunset a most extraordinary flight of insects appeared on the river; they were nearly white, grey wings, bodies a pale yellow, about $\frac{1}{2}$ an inch long, with two long feelers running out from the tail an inch or more in length. They were moving up the river at a great rate, in a solid column 10 feet high, and perhaps 30 broad, just like a column of march. The river, as far as the eye could see, both ways, was covered with them, till at a distance they gave the appearance of a thick mist, nearer they looked like driving snow or sleet.

When the gig pushed out into the river amongst them, they parted in the midst like a column of fours, to let it go through. It was noticeable that as soon as they touched the water they remained in it, unable to rise again.

At 8 P.M. commenced drifting down the river, but soon the sky became overcast, and at 11 P.M. a sharp shower fell; soon after, the wind arose, and being dead ahead, it was impossible to drift against it, so were obliged to put into shore for the night.

Rain continued all night, off and on, with a strong westerly gale. Under weigh again at 5:20 A.M. Morning cloudy and lowering, but no rain. Stopped at 9:15 A.M. for breakfast, at a small trading post of the Hudson's Bay Company called "Hungry Hall," about 2 miles above the mouth of the river, which here becomes wider, its shores marshy, and Thursday,
August 11th, 1870.

full of wild fowl, the banks lower. On the way, Colonel Wolseley met a small canoe with 3 men in it; they proved to be bearers of letters from "Rat Portage" and from Fort Alexander, announcing the despatch from Red River, and arrival at Rat Portage, of 6 boats sent by the loyal English-speaking inhabitants of the settlement, by public subscription, to help the expedition down the Winnipeg River. The letters were from Mr. Boyd and from the Rev. Mr. Gardiner, all in the same strain as previous ones brought by Joseph Monkman. At Oak Point, on the opposite side of the river to Hungry Hall, is an old deserted log-house, an abandoned American training post. The bearers of the letters were handed over to K Brigade, which came up at 10:30, as guides.

The party started again at 10:45 A.M. from Hungry Hall (so called from the fact of a former resident there being several times nearly starved to death!), and hoisted sails to a fair breeze, which soon took them out of the river into the Lake of the Woods. The gig slipped along fully 7 knots an hour, the water being comparatively smooth, as the route lay for 10 or 12 miles amongst low islands. To the left the surf was beating angrily on a low bar stretching across from island to island, and outside this bar "white horses" were rearing their heads, betokening a heavy sea, too much for the canoe or the heavily laden gig. After a while a "green sea" sweeping over the stern sheets of the gig and half filling her, admonished all that discretion was the better part of valour, so put into an island that lay luckily in the way, in which was a secure little harbour. This was at 12:30 noon. The Militia company, K Brigade, followed, and as the wind continued all day, tents were pitched on the island, which was named "Detention Island."

*Friday,
August 12th, 1870.*

The strong wind continued all night and the greater part of this day, which was fine and bright. Saw a flag hoisted on an island opposite, and by the aid of the glass made it out to be a "Union Jack"; saw two men on the island. Sent a canoe over to see what it was, but they could not find anybody. Struck tents in the afternoon, and the wind dying away, K Brigade went off at moon-rise, 8 P.M. A canoe arrived bringing mails, to the great delight of every one; Toronto papers to the 29th and English ones to the 15th July. About 9:30 P.M. two Red River boats came up to the island, and proved to be bearers of letters from Colonel Fielden, from Rat Portage, and from Bishop Macrae; the latter urging the necessity of at once despatching 100 men and a couple of guns to Red River. Mr. Sinclair, who was in charge of the two boats, said that Colonel Fielden had taken on with him 3 of his Red River boats and 23 men. Colonel Wolseley's crew of Indians refusing to leave the island this night in consequence of the still high sea on the lake, which they averred would break the canoe in two pieces; he embarked in the gig, leaving Lieutenant Denison to take his place in the canoe, and started at 9:45 P.M. Having no guide, the gig was steered by the stars, it being a bright moonlight night without clouds; course taken being a little to the westward of the pointers of the Great Bear. The party were soon out of the sight of land, though land was visible by day to the eastward. To the westward was a vast expanse of water without even an island to break the sky line; the sea was still rough, a heavy rolling swell tumbling in from the north-west, though the wind had almost gone down. After 3 hours hard pulling, the gig made an island on which Colonel Wolseley bivouacked for the night, at 1 A.M.

*Saturday,
August 13th, 1870.*

Under weigh again at 5:30 A.M., steering N.N.W.; to the eastward a group of islands through which an opening was looked for in vain to escape the rough sea, which was gradually but slowly subsiding. Westward an unbroken expanse of water, no land in sight. At 8:30 A.M. stopped on a island for breakfast. Here were met an Indian and two small boys in a canoe, but as none of the party could speak the language of "Hiawattea," no hints or directions as to the route could be gleaned from them. On again at 10 A.M. Sun very hot, but a light favourable breeze soon springing up, sails were set. The course lay during all the remainder of this day through an interminable labyrinth of islands, of all shapes and sizes, to find the right way through which would require the education of a life time. Colonel Wolseley took up his position in the bow of the gig, steering by compass with the aid of Mr. Dawson's map—a very inefficient and inaccurate chart—drawn on a scale of $7\frac{1}{2}$ miles to the inch. Stopped at 3:30 for dinner; started again at 5, and rowed till it was too dark to see any more. Then bivouacked on an island.

*Sunday,
August 14th, 1870.*

Started at 4 A.M. to try and reach Rat Portage early in the day, under the belief that the gig was within 10 miles of that place. Steered north till stopped by a "cul-de-sac," then east, then west, trying every opening to be found amongst the innumerable islands, in the vain hope of making the mouth of the Winnipeg River. At last, after hopelessly wandering about, at 3:30 P.M. saw an Indian encampment, from which a present of a few biscuits and a little tea produced a native, who willingly conducted the party to the Winnipeg River and Rat Portage, at which they arrived at 8 P.M., having only stopped once all day (at 8 A.M.) for breakfast. To attempt to cross the Lake of the Woods without a guide is a feat which Colonel Wolseley will not attempt a second time.

The canoe and the two Red River boats under Mr. Sinclair, starting from Detention Island at daylight on the 13th, arrived at Rat Portage at 7 A.M. and 3:30 A.M. respectively on the 14th, having with them good guides. The Lake of the Woods is about 75 miles long, with an average width of about 70 miles. Its chief peculiarities are, the temperature of the water, which is nearly luke warm, between 70° and 78° F., and an extraordinary profuse confervoid growth. These conferræ are a minute vegetable, orgeniam, needle-shaped, about $\frac{1}{2}$ an inch in length; they abound all over the lake, in some places so thick that the water looks like green pea-soup. Some of the deep bays receding from the lake are free from them, such a Clear Water Bay, &c., but they extend even a few miles down the Winnipeg River, below Rat Portage.

When nearing Rat Portage, Colonel Wolseley met Lieutenant Butler, 69th Regiment, who was in a canoe on his way to the lake to light a fire on an island called the Devil's Rock, about fourteen miles out in the lake, and a conspicuous object, near which the several routes across the lake diverge. The latest news he could give us was that Colonel Fielden's detachment had arrived at Portage de L'Île at 8 A.M. on Friday the 12th instant. The day was magnificent, light favourable breeze from the south. Encamped at the far side of one of the portages, of which there are three here. No. 1 near the Hudson Bay Company's post, not much used. No. 2 about 500 yards further to the south, 300 yards long, and very rough, chiefly used for birch bark canoes. The third and regular portage is 3 miles from the post, to the south, it is 130 yards long, and is usually used for the big Hudson Bay Company's boats. No. 3 was the one passed over by Colonel Fielden and the other brigades. The Hudson Bay Company post is under the charge of a Mr. MacPherson, a Scotch half-breed, who has been very civil and obliging and useful; the post is a very small affair, 3 small log houses, roofed with bark, and enclosed by a high wooden palisading, it has been only 11 years built; the old post, on an island a little farther down the river, having been abandoned on account of its inconvenience. There are a few acres of land under cultivation,—wheat, barley, and potatoes looking very well. Mr. MacPherson has a few head of cattle (two of which were offered to the troops), and some pigs, besides lots of mangy looking pariah dogs, used for drawing sleighs in the winter. There are 13 men maintained, besides Mr. MacPherson, by the company at this post, but nine of them are employed on three small outlying posts. A magnificent day, bright and cloudless.

Colonel Wolseley remained at Rat Portage this day, making arrangements for guides to be sent back to Fort Francis to conduct the brigades across the Lake of the Woods, and also for guides for the Winnipeg River. *Monday,
August 15th, 1870.*

Thunderstorm came on about 6 A.M. and lasted till 11 A.M. with heavy rain; the afternoon was fine.

Lieutenant-Colonel McNeill, V.C., and Deputy-Assistant Superintendent of Stores Jolly arrived at sunset in a canoe, having been 12 days on the road from Shebandowan Lake. They reported all well with the brigades in rear, they having left 2 days after the last brigade (Lieutenant-Colonel Casault's, X) was despatched, and having passed each brigade successively. The following was the position of the different brigades when passed by Lieutenant-Colonel McNeill:—

<i>4th August.</i>			
X Brigade	..	..	East end of Height of Land Portage.
V and T Brigades	..	..	West end of do.
<i>5th August.</i>			
S Brigade	..	..	Just over Brulé Portage.
R „	..	..	West end of Portage Français.
<i>6th August.</i>			
Q Brigade	..	..	West end of Pine Portage.
<i>7th August.</i>			
P Brigade	..	..	West end of 1st Portage on River Maligne.
<i>8th August.</i>			
O Brigade	..	..	On Mequaquon Lake.
<i>9th August.</i>			
M and N Brigades	..	..	At 1st Bare Portage.

Forwarded to the Deputy Quartermaster-General for the Lieutenant-General's information, and for transmission to the Quartermaster-General of the Army, Horse Guards, London.

(Signed) G. J. WOLSELEY, Colonel,
Commanding Red River Expeditionary Force.

COLONEL WOLSELEY and Staff left Rat Portage at 2 P.M., having all the arrangements completed as well as possible for guides for the different brigades. Mails were made up for Canada and despatched. Started with a fair breeze down the Winnipeg River, ran "Les Dalles" Rapids, about 10 miles below Rat Portage, without any difficulty. Camped for the night at 7.15 P.M., having run about 25 miles. It began to rain about 6 P.M., and continued all the evening. River full of high rocky granite islands, which present a very sterile aspect. *Tuesday,
August 16th, 1870.
Rat Portage.*

Started again at 4.45 A.M. in drizzling rain, with a blustering head wind, which made a tumbling sea against the current. Ran the "Grand De Charge" Rapids, 25 miles below "Les Dalles." The stuff was portaged, and the canoes and gig then ran the rapids; in doing so boats should keep well to the right. In the next two miles were two small *Wednesday,
August 17th, 1870.
Winnipeg River.*

*Thursday,
August 18th, 1870.
Winnipeg River.*

currents; these followed "Yellow Mud Portage" 110 yards. The approach to it is dangerously near the falls. About 200 yards further is a very pretty little fall of 6 feet which was run. "Pine Portage" follows next, 1,200 yards further on. This was very steep and slippery, 240 yards long, and full of black flies and mosquitoes. 100 yards further is "Cave" Rapids, which is a pretty little fall of 4 feet. It is usually run, but requires care. This was the last portage this day. Islington Mission was passed about 3 miles below Cave Rapids. Fields of yellow corn and green pasturage were a pleasant change to the eye, in the midst of the sterile rocky country around. The weather cleared up at 9 A.M., and continued fine till 6 P.M., when rain again began to fall with steady persistency all night, making the camp very unpleasant.

Colonel Wolseley's party started again at 4:45 A.M. The morning was wretchedly gloomily and miserably cold. A drizzling rain and heavy mist over the river, made everything unpleasant, until 10 A.M., when the weather cleared up, and gave the men an opportunity to get a little dry and warm. At noon, reached the "Chute à Jacquot," a very pretty fall in a series of terraces. The portage is 150 yards; everything has to be portaged. It is about 20 miles below Islington Mission. A little further on reached "Trois Pointes-des-Bois," which consists of 3 portages close together, round very pretty falls. The portages are 306, 110 and 60 yards long respectively. Eight miles further is "Slave Falls," the most beautiful rapids or falls yet seen. It derives its name from the romantic story of two Sioux prisoners having been launched over the falls by the Ojibway Indians in a birch bark canoe, with their hands tied. The portage for boats is 750 yards long, a good level portage, it is some 400 yards to the right of the falls. The canoe portage is round a jutting ledge of rock, quite close to the falls, and very dangerous except for skilled boatmen well acquainted with the place. At this portage the two leading brigades of the 1st Ontario Rifles were encamped for the night, having just arrived. Colonel Wolseley's party encamped just above the falls; the evening was fine and warm.

*Friday,
August 19th, 1870.
Winnipeg River.*

Made the portage early in the morning, and went on 8 miles further to the "Barrière Portage," which is about 20 yards over a bare rocky island; a few further on ran the "Otter" Rapids, not difficult, but long. The "Sept Portages" come next, and were got over by the gig in 2 hours 32 minutes; the second one being run. These seven portages are about 3 miles long, and are simply an almost uninterrupted succession of falls, rapids, whirlpools, and eddies. Some of the approaches to, and departures from, these portages are dangerous. The whole way from the Barrière Portage the river is full of rapid water and currents, and hidden rocks, and requires careful steering. Camped for the night about a mile below the "Sept Portages." The weather was cold and showery in the morning, but the afternoon was fine.

*Saturday,
August 20th, 1870.
Winnipeg River to
Fort Alexander.*

Made an early start as usual to try to reach Fort Alexander this day. Crossed Lac de Bonnet, and made the two "Galais de Bonnet" Portages before breakfast. They are 145 and 100 yards long respectively. At the second the canoe portage is on the left bank of the fall, and the regular portage, for the large Hudson Bay Company's boats, on the right bank.

The next two portages are "Grande" and "Petit Bonnet." Then comes "White Mud Portage," 280 yards long. The two "Silver Falls" Portages are the next. They are only divided by about 150 yards of slack water, and are sometimes made into one. The best plan is to take the stuff over in one portage, and haul the boats over in *two*. They are steep and slippery in ascending from, and descending to, the river's bank, and are about 200 and 30 yards long. These Silver Falls are the most magnificent cascades and rapids on this river, or indeed on any river. The volume of water is very great, and the scenery around most magnificent and picturesque.

To the next and last portage, "Pine Portage," there are about 5 miles of river, more or less current the whole way, and with two or three difficult rapids. This portage is about 350 yards, and after it about 8 miles of river with two easily-run rapids to Fort Alexander. This post of the Hudson Bay Company is prettily situated on the left bank of the river, about 2 miles from the commencement of Lake Winnipeg. It is a much larger post than Fort Francis, and has a more imposing appearance. It is surrounded by a wooden palisade, and stands on high ground, the bank of the river being here about 40 feet high. From a wooden tower about 30 feet high, in front of the post, a charming view can be had, the river winding along to its junction with the lake, and the lake itself spreading out like an ocean as far as the eye can see. The soil around the fort seems very good, and the crops luxuriant.

Colonel Wolseley arrived here about an hour before sunset, and found the whole of the 60th and Royal Artillery and Royal Engineers. The head-quarters of the 60th had reached this place on the 18th. The gig did not get in till 8:30 P.M., being delayed by the heavy portaging over these numerous portages. Weather showery in the morning, but fine in the afternoon.

*Sunday,
August 21st, 1870.
Fort Alexander and
Lake Winnipeg.*

The troops attended Divine Service at 10 A.M., in the open air, near the fort; the service being performed by a Missionary living near the post, assisted by the Rev. Mr. Gardiner, from the Red River. A mail was sent off up the river with orders for the company of the 1st Ontario Rifles stationed there to embark for the north-west corner of the Lake of the Woods, on the 1st September, and for all mails to be sent that way also. This was in consequence of reliable information that the road would be finished through to the Lake of the Woods by the 20th instant.

At 3 P.M. the Force embarked and set sail to a favouring breeze, about 50 boats in all,

containing the Regulars of the Expeditionary Force. Colonel Wolseley accompanied Mr. Donald Smith in one of the large Hudson Bay Company's boats. The wind was fair, and the little fleet stood out to sea, making a good offing, and bore up for "Elk Island." They arrived there at sunset, and drew up the boats on a magnificent sandy beach in a beautiful little bay, well protected from the wind, having run about 20 miles from Fort Alexander. The day had been very fine, without rain.

The rouse sounded at 3:30 A.M. and the men had breakfast before embarking at 5 A.M. The wind was still favourable, though not as free as yesterday, and the fleet made a prosperous and quick run across the southern portion of Lake Winnipeg to the mouth of the Red River. The lake was found to be full of the same green confervoid growth as was noticed in the Lake of the Woods, and was remarkable for its extreme shallowness. At the distance of upwards of a mile from shore the depth of water did not exceed two or three feet, and when approaching the Red River the boats had to follow a narrow channel marked out with a buoy and stakes. Several of the boats got aground together from not following the guide sufficiently closely. The Red River flows into Lake Winnipeg by three mouths, the centre one of which was entered by the fleet. The leading boats arrived there about 12:30 noon, but some of the slower sailing boats were an hour and a-half later. Dinner was cooked on the shore, and the little fleet started again about 2:30 P.M. up the river. Colonel Wolseley sent his canoe with Assistant-Controller Irvine and Lieutenant Butler on ahead with orders to keep a sharp look-out and report anything unusual or suspicious. The passage up the river was slower than that across the lake, the boats having to keep in two lines behind Colonel Feilden, who was himself immediately behind Colonel Wolseley. At sunset the fleet encamped on the right bank of the river, about 11 miles below the Stone Fort, and just opposite the lodges of the Swampy Indians. Colonel Wolseley immediately sent off a messenger to the Stone Fort for Mr. Flett, the Hudson Bay Company's Officer, who arrived during the night. No one appeared to have the slightest idea of the approach of the Force until the boats actually came in sight, and (to prevent the news from spreading) Colonel Wolseley took every precaution possible. A visit of ceremony and congratulation was paid to Colonel Wolseley by "Henry Prince" (Chief of the Tribe) and a few of the Solteux Indians, dressed up in feathers and paint. The interview was conducted much as usual with Indians, expressions of loyalty and welcome from the Indians, and of thanks and goodwill from the Commander of the Forces, accompanied with a substantial present of pork and flour, which appeared to afford the most intense gratification.

Weather fine during the day, but clouded over at nightfall, and began to rain about 11 P.M.

Drizzling rain when the rouse sounded at 3:30 A.M. The men had some tea before starting. Continued on up the river in the same order as before, the boats being welcomed by "feux-de-joie" and other manifestations of delight from the Indians and half-breeds on the bank.

Reached the "Stone Fort," or Lower Fort Garry as it is sometimes called, about 8 A.M. The Officers were invited to a general breakfast by the Hudson Bay officials in the fort, to which they did ample justice. The boats were lightened of all surplus stores, only four days' rations being taken on, so as to reach Fort Garry, if possible, before dark.

Captain Wallace's company was detached as an advance guard and flanking party on the left bank, with orders to keep his main body on the road about a quarter of a mile in front of the boats, and with connecting files to the river's bank, with an advance party of one section of his company about 500 yards further ahead. Two signal-men with flags were also furnished to him, one to remain with the advance guard, and the other with the main body, to facilitate communication with the boats. This company was mounted on ponies and in country carts, and had orders to stop all persons on their way up the river, but not to interfere with those going down the river. By this means, as the force advanced, it was found that the actual appearance of the boats was the first intimation that the people had of the arrival of the Expedition. On the right bank, which is mostly covered with willows, Lieutenant Butler was sent on, on horseback, with orders to patrol along the road a little ahead of the boats, and show himself at intervals. Colonel Wolseley, himself in the gig, proceeded in front of the boats, having a signal-man in one of the Hudson Bay boats just behind.

The two brass 7-pr. mountain guns were mounted in the bows of the boats, and everything was in readiness in case Riel should oppose the passage of the river. In this order the boats continued all day. The "Grand Rapids" were got up by poling and tracking without much difficulty.

At 2:30 P.M. the Force halted for one hour for dinner on the right bank. Communication by signal was kept up with the flanking party and advanced guard, and found to be of much service. At 3:30 P.M. the boats were under weigh again till time to halt for the night. Camp was pitched on the left bank about 2 miles below the English cathedral, and 6 miles below the fort by the road, the distance by water being about 8 or 9 miles. Outlying picquets, under the command of an officer, were thrown out on both sides of the river on the roads, and a chain of sentries posted, to cut off all communication between Fort Garry and the settlements in rear of the Force. Three prisoners were captured during the day by Captain Wallace, and were detained. Information that was held to be reliable was also brought in by some of the loyal people, that up to noon this day nothing beyond vague rumours of the Force being in the river was known in the town of Winnipeg, and that these rumours were discredited by Riel, who, with a few of his adherents, was still in

*Monday,
August 22nd, 1870.
Lake Winnipeg to
mouth of Red River.*

*Tuesday,
August 23rd, 1870.
The Red River.*

Wednesday,
August 24th, 1870.
Fort Garry.

the Fort. Weather fine, except in the early morning. About 9 P.M. it began to blow hard from the north-west, and heavy rain came on and lasted the whole night.

The heavy rain having rendered the road ankle deep in black gluey mud, and almost impassable, Colonel Wolseley was obliged to abandon his intention of marching on the Fort, and continue in the boats. The men had breakfast before embarking at 6 A.M. Rain still falling in torrents. Everything is so wet that there was difficulty in getting the fires lit. About 8 o'clock the boats arrived at Point Douglas, about 2 miles from the Fort by land, and about 3 or 4 by water, as the river makes a long bend after its junction with the "Assiniboine." The troops were disembarked on the left bank, and formed up in open column of companies.

A few ponies that were brought by the inhabitants were useful in mounting the Colonel and his Staff, and two country carts were used for drawing the guns, which were limbered up behind them. A line of skirmishers was thrown out about 400 yards in advance of the column, which immediately commenced its move in the direction of the village of Winnipeg in column of fours, the 60th Rifles leading, Artillery and Engineers next, and a Company of 60th Rifles as a rear guard.

In this formation the column passed over a small creek, and keeping outside the village, wheeled slightly to its left, and advanced on the Fort, having the "Assiniboine River" on its right flank, and the village on its left. Some half-dozen loyal inhabitants, mounted on horseback, accompanied the column, and were useful as scouts and guides. The latest information obtained in the village was to the effect that Riel and his party were still inside the Fort, that the gates were shut, and that they intended resisting the troops. No flag was flying from the flagstaff in the Fort, and there was no sign of life visible; everything looked grim and frowning, and the gun mounted over the gateway that commanded the village and the prairie over which the troops were advancing, was expected momentarily to open fire. But the hopes of the troops were doomed to disappointment. On nearing the Fort some of the mounted men were sent forward to ascertain the state of affairs; they were followed by three of the Staff, and soon returned, having ridden all round the Fort and found the gate opening on the bridge over the Assiniboine River wide open. The troops were marched in by this gateway, having stopped and detained three men who were making off up the Assiniboine River. The Fort was found to be emptied of its late defenders, Riel, Lepine, and O'Donoghue having ridden off up the Red River about a quarter of an hour previously. The troops then formed line outside the Fort, the Union Jack was hoisted, a royal salute fired, and three cheers given for the Queen, which were caught up and heartily re-echoed by many of the civilians and settlers who had followed the troops from the village.

It was still raining in torrents, and the whole place was one sea of black slimy mud. The men were drenched to the skin, and indeed had been so during the greater part of the previous night. Under these circumstances, Colonel Wolseley did not think it advisable to pitch the tents on the soaking wet ground, and accommodation was found for the officers and men in the buildings inside the fort. The house occupied by Riel and his councillors was found full of ex-Governor McDougall's furniture. It had been the government house of the rebel Provisional Government, and so hurried and evidently unexpected had been the flight of the ringleaders that their breakfast table was found laid out and breakfast only half-eaten. Documents and papers of all description were lying about in their rooms. Bishop Taché wrote to Colonel Wolseley requesting an interview, but in consequence of the state of the weather (which continued all day raining in torrents), the latter requested him to defer it until the next day. No arrests were made by the military, and no attempt to pursue and capture Riel and his friends; the three or four prisoners who were detained when the troops marched into the fort were released during the day, there being no warrant out against them and no sworn information. Colonel Wolseley did not desire to trench on the civil authority in any way, not having been invested with power to do so, or to act as Lieutenant-Governor pending Mr. Archibald's arrival. The conduct of civil affairs devolved on Mr. Smith, as Governor of the Hudson Bay Company. Colonel Wolseley informed him that he looked to him as representing the only civil authority he could recognize, and that any prisoners handed over by him for safe keeping, should be taken care of. Many came forward volunteering to take Riel and his gang, if Colonel Wolseley would only authorize them to do so; all received the same answer, "go to a Magistrate for a warrant, and when obtained, Mr. Smith will provide the means for executing it." A warrant was subsequently obtained from a Justice of the Peace, directing some one specified man to arrest Riel, O'Donoghue and Lepine, on a charge of murder, false imprisonment and robbery. It proved to be informal, and was not executed. In fact no proper constables could be obtained for the purpose, and Colonel Wolseley positively refused to allow his soldiers being converted into policemen. Of course there is a considerable number of violent men who have old scores to pay off for themselves, and would be glad of the opportunity thus afforded to them by the arrival of the troops. Rain continued all day. Despatches and telegrams sent off by a special messenger to St. Cloud.

Thursday,
August 25th, 1870.
Fort Garry.

Rained again during the night, but cleared up in the morning, and the ground began to get a little dry. Bishop Taché paid a visit of ceremony to Colonel Wolseley, and had a private interview with him in the Fort. The Upper Fort, or "Fort Garry" proper, is a rectangular building, about 200 yards by 85 yards. The original fort was built about the year 1840, and was then 100 yards by 85 yards, it has a stone wall about 10 feet high all round, with circular bastions pierced for guns. About the year 1850, a second

portion was added to it—100 yards by 85 yards—but surrounded only by a wooden palisading on a stone foundation. The fort, as it now is, is crowded with buildings, stores, and officers of the Hudson Bay Company; it stands at the angle formed by the juncture of the Assiniboine and Red Rivers, which here are about 160 and 500 feet wide respectively, and fronts on to the left bank of the former river, from which it is distant about 100 yards; the site is pretty, and commands a beautiful view of the prairie on all sides. To the north and west not a house is to be seen, the lines of houses follow the course of the river, and not a house or farm seems yet to have been commenced away from the river. They say that, though water is found at a depth of from 30 to 40 feet yet it is brackish. The village of Winnipeg is about half a mile north-north-east of the fort; it is simply a collection of houses built at all angles to each other, and forming one wide street about a quarter of a mile long. I should say there are about 50 houses in all. No attempt at drainage as yet, and in rainy weather the centre of the street is converted into a large pond, and the remainder into thick black mud, strong enough to pull the mocassins off the feet of the unwary traveller. There are a few stores, but grog shops are the principal feature of the place, and the last two nights these "saloons" have reaped a rich harvest. Voyageurs, Indians and half-breeds in all stages of drunkenness, and quarrelling, made the place a very pandemonium. But few soldiers were drinking to any extent after the first night, and Colonel Wolseley ordered a strong piquet to patrol the village every night till everything was quiet. Mr. Donald Smith, the Governor of the Hudson Bay Company, issued an order prohibiting the sale of liquor from 7 P.M. each evening to 6 A.M. the following morning, and posted constables in the village, as well as enrolled special constables to assist in keeping the peace.

A lovely day, bright sunshine, and a strong southerly wind which dried up the country in a wonderful manner. Bishop Taché paid another visit to Colonel Wolseley, and said that one of his priests had been shot at the night before, though the would-be assassin had failed in his cowardly attempt. He described the state of terror in which all his people were, and seemed himself to be dreadfully alarmed, which was not diminished when informed by Colonel Wolseley that several men had been to him (Colonel Wolseley) to be enrolled as special constables with a view of capturing Riel *dead* or alive; but that their services had been declined. At his request Colonel Wolseley issued an order prohibiting the officers of the force from going out shooting, as the very sight of a gun appeared to cause so much alarm.

Friday,
August 26th, 1870.
Fort Garry.

Lieutenant Butler was sent down to the stone fort on business, and with an order for the 2nd Quebec Rifles to remain there and go into camp until barrack accommodation could be provided for them. No signs as yet of the first two Brigades of Militia. The 60th Rifles moved under canvas this afternoon in a field near the fort.

Another fine, bright, cloudless day, thermometer 80° in the shade, and a hot wind blowing from the south. Colonel Wolseley, accompanied by his personal staff, and by Colonel Feilden and Lieutenant-Colonel McNeill, V.C., paid a visit of ceremony to Bishop McCrea and Archdeacon McLean, and afterwards to Bishop Taché. The bishop's palace of the latter prelate is on the right bank of the Red River, in the parish of St. Boniface, just opposite Fort Garry, and the finest-looking house in the settlement. On one side of it is a nunnery, and on the other side a school.

Saturday,
August 27th, 1870.
Fort Garry.

In the afternoon the band of the 60th Rifles played in front of their camp, and attracted a good number of visitors from the village and surrounding settlements.

About 6 P.M., Major Wainwright with two companies of the 1st Ontario Rifles arrived, and pitched their camp on the other side of the 60th. They had been wind-bound, and detained on Lake Winnipeg for 36 hours, by the same storm of wind and rain that welcomed the Head-Quarters when they took possession of Fort Garry on the 24th instant. The mails left this night for the United States and Canada, but Colonel Wolseley did not think it advisable to send letters in this way, being resolved to wait for a surer hand.

The troops attended Divine Service in the open air, the services being performed by the Chaplain, assisted by Archdeacon McLean. Colonel Wolseley, accompanied by Mr. Irvine, Lieutenant Heneage, and Mr. Donald Smith, drove down to the Lower Fort, returning at 7 P.M. He carefully inspected the Fort, and found that there would be tolerably good barrack accommodation for 300 men of the 2nd Quebec Rifles, and that by a few additions and alterations there would be a sufficiency of quarters for the officers, leaving only a few extras to be built, such as ablution-rooms, privies, cookhouses and a guard-room. Weather fine in the morning, but rained hard in the afternoon.

Sunday,
August 28th, 1870.
Fort Garry.

Deputy-Assistant Commissary-General Beamish arrived at 8 A.M., with mails from Canada to 3rd instant. He reported that Major McLeod and 2 companies 1st Ontario Rifles were at the Lower Fort last night, and would be here to-day. Letters and despatches were sent off to Canada to-day per Captain McCalmont, 9th Lancers, who left the Fort to return to England *via* the United States.

Monday,
August 29th, 1870.

Two Companies of the 60th started down the river on their way back to Fort Alexander and the Winnipeg River. One more company will follow them to-morrow, and one Company will march by the road to the N.W. corner of the Lake of the Woods, taking with them sufficient transport to bring back the baggage, &c., of the company 1st Ontario Rifles left in garrison at Fort Francis.

A beautiful day, with a fresh N.W. breeze. Instructions having been received from the Lieutenant-General Commanding in British North America, desiring that, if possible, the company of the 2nd Militia, left at Prince Arthur's Landing, should be brought on to Fort Garry this season, a special messenger has been sent to Shebandowan Lake, directing

the Officer Commanding at the first-named place to carry out the Lieutenant-General's instructions, should he be able to obtain the necessary boats and voyageurs. If this can be arranged the Company is to come here *via* the N.W. corner of the Lake of the Woods.

Tuesday,
August 30th, 1870.
Fort Garry.

Mails and telegrams for Canada were sent off this morning by Captain McCalmont, who started about 9 A.M. Instructions were sent by a special messenger to Captain Scott, 1st Ontario Rifles, expected to arrive at the N.W. corner of the Lake of the Woods on 3rd or 4th September, directing him to march to this place. Captain Buller's Company 60th Rifles was to have marched to-day for the N.W. corner of the Lake of the Woods, there to embark in Captain Scott's boats, and make the best of their way with all speed to Prince Arthur's Landing to take the place of the company 2nd Militia ordered up from that place to Fort Garry, but the carts intended for their transport did not arrive. Enough carts were to have been sent with Captain Buller's company for transport of baggage, the men's packs, &c., as far as White Birch River, about 78 miles distance (to which place the road is practicable for carts), and from whence 20 pack horses would take all necessary things to the N.W. corner, about 33 miles further. Board of Survey ordered to assemble to-morrow to inspect barrels of pork brought up by the 1st Ontario Rifles, which were found to be without brine.

Letter received from Lieutenant-Colonel Bolton, Deputy-Assistant Adjutant-General, from White Birch River, reporting on the state of the road as follows:—

"Prairie country extends as far as Oak Point, but little timber. About eight miles beyond Oak Point is an empty reservoir. After leaving the reservoir the soil becomes sandy, small poplars on both sides. Road practicable for wheeled transport as far as 'White Birch River,' about 78 miles. From that point to the Lake of the Woods, distance reported to be about 33 miles, near Red River, is a small stream crossed by a wooden bridge; further on and nearer to Oak Point the road skirts another small stream. After leaving Oak Point road is clear of stumps and boulders, fenced with fallen timber, wet places ditched and now and then fascined. About 10 miles beyond the reservoir, crossed 'Broken Head Creek,' and some half hour's march further two ponds, water good. After this point, Colonel Bolton reports, that (travelling at the rate of 5½ miles per hour) he passed an empty shanty in a fir wood with a well of water near it in 40 minutes. In 30 minutes more a well, in 40 minutes more another well; in 35 minutes more crossed a swamp corduroyed for 150 yards, in 10 minutes more another swamp, water drinkable; in 15 more crossed the west branch of 'White Mouth River,' depth 6 inches, fordable, water good; in 45 minutes more a well, in 20 minutes more another well, in 10 minutes more another well, in 35 minutes more a swamp corduroyed. In 1 hour 20 minutes more met Mr. Lonsdale, who reported that he did about half a mile to a mile of road in a day. Prairie hens abundant, also a few partridges and pigeons."

End of précis of
Col. Bolton's letter.

Fine day. Captain Dundas's Company of the 60th Rifles left in boats at 9 A.M. for Thunder Bay *via* the Winnipeg River.

Wednesday,
August 31st, 1870.
Fort Garry.

Mr. Dawson arrived about 11 A.M., also Lieutenant-Colonel Jarvis, and the Headquarters, and two companies of 1st Ontario Militia. All of the 1st Militia have now arrived, with the exception of the company in garrison at Fort Francis, which is to leave that place to-morrow for the N.W. corner of the Lake of the Woods. Captain Buller's company did not march yesterday, as the carts promised did not arrive; he marched to-day about 11 A.M., the men's packs being carried for them. Colonel Wolseley's gig under charge of Lance-Serjeant Barnes also left at 1 P.M. to-day for Fort Francis *via* the Winnipeg River. Two companies of the 60th Rifles left at 2 P.M. in boats *via* the Winnipeg River. An order was sent to the Officer Commanding at Prince Arthur's Landing to despatch each Company of 60th Rifles to Canada by first steamer as soon as it arrived.

The following is a return of the dates of arrival and departure from Fort Francis of the last 4 Brigades of the Expedition:—

		Arrived.	Left.
16th August..	S Brigade (2nd Quebec Rifles)..	8:30 P.M. 16th..	3:30 P.M. 17th.
17th	" .. T " " " " ..	5:30 P.M. 17th..	6 P.M. 18th.
17th	" .. V " " " " ..	6 P.M. 17th..	6 P.M. 18th.
18th	" .. X " " " " ..	2 P.M. 18th..	11 A.M. 19th.
		(Signed)	G. W. MELLISH.

Fort Francis, 21st August, 1870.

Continuation of précis
of Lieut.-Col. Bolton's
letter.

About 3 P.M., Lieutenant-Colonel Bolton returned from his mission in search of the N.W. corner of the Lake of the Woods; he appeared to have been unable to reach the lake, not having with him any guide who thoroughly knew the road. Colonel Wolseley therefore despatched a special messenger at once to fetch Mr. Joseph Monkman, who appeared to be the only man able to point out the proper path to be taken to avoid the morasses and thick woods between the end of the road and the lake. Heavy showers during the day.

Thursday,
September 1st, 1870.
Fort Garry.

Colonel Bolton's report continues as follows:—
"Mr. Lonsdale having furnished me with saddle horses and provisions, I left his camp at 7 A.M. on Saturday, 27th August, I followed a bridle path blazed through the trees, crossing White Birch River (water very good), by a small bridge of fir poles. The path was scarcely wide enough for a pack horse to pass between the trees, and the fallen timber had only been removed sufficiently to render the path barely passable. The country is very flat, having evidently at some bygone period been a vast lake or series of

"lakes. A remarkable feature worthy of notice is the occurrence of large flat masses of granite or gneiss rock, which look like islands. I passed over 12 of these 'islands' during the 20 miles I got over to-day, always at a walking pace. In the marshes water can be obtained by digging. On Sunday, 28th, I started again. After some miles of wood and marsh I entered a vast swamp of many miles in extent, this opened on to what must have been a great forest, now a brulé, and suddenly came to an end near a depression like the bed of a lake, through which a small stream of water was running in an easterly direction. The guides said the lake was about two miles off, but beyond this point neither of them had ever been.

"At 12:30 noon, I started on foot with the two men to try and reach the lake, but after some useless efforts to penetrate a brulé, I had to give it up, being quite unable to get through it without a free use of the axe. I then tried to get along by the banks of the stream, and found, as I expected, that the country was a little more practicable. At 5 p.m. I reached a point on the left bank of the stream where a white flag was flying. Here I found an official letter to Colonel Wolseley from Mr. McTavish, dated 14th August, announcing the commencement of the road, which letter I left in its place; also a note from Mr. McKay, which I brought away with me. I re-directed the official letter to the Officer Commanding the company 1st Ontario Militia, expected to arrive here from Fort Francis, telling him to cut a path (following the blazed trees) through to the depression where I had left my horses, about 3 miles higher up the stream. I then commenced my return; but at 7 p.m., being utterly exhausted, I was obliged to lie down, and passed the night as best I could, without food or a blanket. One of the men kept the fire alight during the night, but it was very cold, and rained for some hours. Next day, Monday, the 29th, I was three hours getting back to the spot where I had left the horses, and being utterly done, and physically unable to continue my efforts to reach the Lake, I returned to Red River, reaching the settlement on Wednesday, the 31st, at 3 p.m.

"From the furthest point I reached I was not able to see the lake, though the appearance of the country, and the opening out of the marsh to some width on each side of the stream, gave indications that the lake could not be far off.

"To sum up, my opinion of the road is this; practicable for carts for 78 miles, as far as White Birch River; practicable for pack horses for 30 miles further, leaving about 3 miles or so still to be cut through to open the path to the Lake of the Woods."

End of précis of
Lieut.-Col. Bolton's
letter.

The last remaining company of the 60th Rifles left to-day in boats. They reached the Lower Fort, and encamped there for the night.

Fine morning, but heavy showers in the afternoon. Colonel Wolseley's messenger, who had been sent with instructions to Captain Scott at the N.W. angle, returned to-day. He had met the horses (sent by Bishop Taché to meet the Lieutenant-Governor) returning to Red River, and had been told by the men in charge of them that the Lieutenant-Governor had passed on, finding *no road*, and had also ordered Captain Scott's Company to go round by the Winnipeg River for the same reason. Colonel Wolseley immediately sent out a fresh messenger to Captain Scott.

The propeller "International" arrived from Frog Point at 7:30 p.m.

Mr. Monkman arrived this morning at 8 a.m., and, after an interview with Colonel Wolseley, was sent off, accompanied by Lieutenant Denison, to catch up Captain Buller's company of the 60th, and show them the right track to the N.W. angle of the Lake of the Woods, also to bring back Captain Scott's Company of the 1st Ontario Militia. Captain Nagle arrived about 4 p.m. bringing a mail, letters from Montreal to the 8th ultimo; also news that Mr. Archibald had arrived in the river, and was on his way up from the Lower Fort in a canoe. A guard of honour was paraded, and preparations made for a salute to be fired in his honour by the Militia Gunners, but he did not arrive till 8:30 p.m. He was accompanied by Mr. Hill, Private Secretary; after he had dinner, he joined the party in Mr. Smith's dining-room, and his health and welcome was proposed by Mr. Smith and drank by the party. In returning thanks, he paid a high tribute to Colonel Wolseley and the Officers and men of the Expedition, to whom, he said, he owed the fact of his being able to enter the Province, after he had been nominated Governor. He had written and forwarded from the Lower Fort a highly complimentary letter to Colonel Wolseley, which runs thus:—

Friday,
September 2nd, 1870.
Fort Garry.

"Indian Mission, Red River,

"September 2nd, 1870.

"Dear Colonel Wolseley,

"I take the earliest opportunity in my power to congratulate you on the magnificent success of the Expedition under your command. I can judge of the work you have had to do all the better from having seen for myself the physical obstacles that had to be met and overcome, obstacles which I assure you exceed anything I could have imagined.

"It is impossible not to feel that the men who have triumphed over such difficulties must not only have themselves worked well, but also must have been well led, and I should not be doing justice to my own feelings, if I were not on my arrival here to repeat the expression of admiration extorted from me, as I passed along, in view of the difficulties you had to meet, and which you have so triumphantly surmounted.

"I have, &c.

"(Signed) A. G. ARCHIBALD."

The weather was gloomy to-day, cold and showery, very unlike what the weather at this season usually is here, at least according to the experience of the "oldest inhabitant." About 11 P.M. the floating bridge over the Assiniboine River was carried away by a freshet; the river rose about 6 inches, but fell again during the night. No damage was done, the bridge only parted in the middle, and the scows (of which it was composed), floated away to the bank where they remained.

aturday,
September 3rd, 1870.
Fort Garry.

Departure from Fort
Garry of the remain-
der of the Regular
Troops.

The salute in honour of the arrival of the Lieutenant-Governor was fired this morning. Colonel Wolseley's canoe started at 9 A.M., with 25 days' rations, to make the best of its way up the Winnipeg River to the N.W. corner of the Lake of the Woods, there to await Colonel Wolseley's arrival.

The detachments of Royal Artillery and Royal Engineers, under Lieutenants Alleyne and Heneage, also started by boat on their way up the Winnipeg River, and thus there now remain no regular troops in Fort Garry. The arrangements for the Control Department during the winter for the two regiments of Militia, were put in orders (subject to approval), on the 1st instant.

Mr. Beamish, of the Commissariat Department, was sent off to-day to St. Paul's to make contracts for a supply of pork, enough for 60 days, as a reserve supply in case of accident during the winter.

Letters and telegrams for Montreal were sent off by Lieutenant-Colonel McNeill, V.C., who left Fort Garry in the steamer "International" for Frog Point, about 200 miles below St. Cloud. This steamer belongs to the Hudson Bay Company, but sails under an American licence, being in American waters. She is very long, too long for the numerous bends of the Red River, flat-bottomed, and draws about 2 feet of water. She is a propeller, and could accommodate a large number of troops if necessary. When the water is high she can ascend the Red River as far as Fort Abercromby, 70 miles above Frog Point.

Forwarded for the Lieutenant-General's information, and for transmission to the Quartermaster-General of the Army, Horse Guards.

G. J. WOLSELEY, Colonel,
Commanding Red River Expedition.

Fort Garry, 3rd September 1870.

LETTER

FROM THE

HON. REVERDY JOHNSON

ON THE SUBJECT OF A

PENNY POSTAGE

BETWEEN

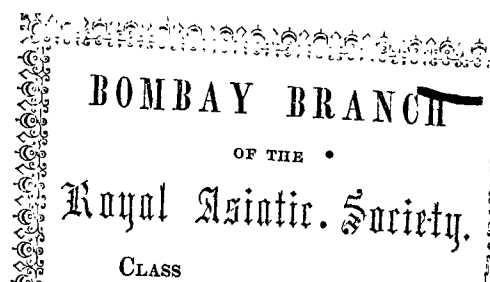
GREAT BRITAIN

AND THE

UNITED STATES OF AMERICA.

*Presented to the House of Commons by Command of Her Majesty, in pursuance of their
Address dated April 16, 1869.*

LONDON:
PRINTED BY HARRISON AND SONS:



RETURN to an Address of the Honourable the House of Commons, dated April 16, 1869;
for—

“Copy of an Official Letter from the Honourable Reverdy Johnson to the Secretary of State for Foreign Affairs, on the subject of a Penny Postage to and from the United States of America, and the Despatch from the American Government to him on the same subject, and dated on or about the 29th January last, annexed to the said Letter.”

Mr. Reverdy Johnson to the Earl of Clarendon.—(Received April 12.)

My Lord, *Legation of the United States, London, April 12, 1869.*
YOUR Lordship will no doubt remember that soon after I received a despatch from my Government on the subject of a cheaper oceanic letter postage between our two countries, I brought it to the attention of your Lordship as the best means of promoting the object.

As the matter is now being considered by Parliament, I deem it my duty to place a copy of the despatch in your Lordship's hands, that you may be able, should it be called for, to communicate it to Parliament. That an increase in the letter correspondence between our countrymen, certain to be the result of a lower rate of postage than is now charged, will not only promote trade, but cultivate a mutual friendly feeling, there can be no doubt. And as such results would enure to the benefit of both nations by greatly promoting their power, prosperity, and happiness, I trust that the measure favoured by my Government will receive the sanction of yours.

Renewing, &c.
(Signed) REVERDY JOHNSON.

Inclosure.

Mr. Seward to Mr. Reverdy Johnson.

Sir, *Department of State, Washington, January 21, 1869.*
HAVING submitted to the Honourable Alexander W. Randall, the Postmaster-General of the United States, your despatch of the 23rd ultimo, inclosing a communication addressed to you by the Honourable Messrs. Towers, Bazley, Hadfield, Dalglish, and many other distinguished Members of the Parliament of Great Britain, recommending the adoption of a penny oceanic postage, I have now to state in reply that the General Postal Department of the United States has always favoured the establishment of cheap rates of letter postage between this country and Great Britain and Ireland. The Postmaster-General is gratified that this reform is advocated by statesmen so well qualified to appreciate its importance, and trusts that they may be successful in inducing the General Post Department at London to consent to a further reduction of the rate of international letter postage to the lowest practicable standard.

In negotiating the present Convention, it was proposed and urged by our Postal Department to reduce the existing rate of international postage, when Her Majesty's authorities declined to make any reduction, but engaged to take the subject under consideration at the expiration of twelve months from the date at which the Convention took effect.

You are at liberty to make such use of this statement of the views of your Government as may in your judgment be judicious and proper.

I have, &c.
(Signed) WILLIAM H. SEWARD.

LETTER from the Hon. Reverdy Johnson
on the subject of a Penny Postage
between Great Britain and the United
States of America.

*Presented to the House of Commons, by Command
of Her Majesty, in pursuance of their Address
dated April 16, 1869.*

[*Price 1d.*]

POSTAL CONVENTIONS (ENGLAND AND AMERICA).

RETURN (so far as can be given) to an Order of the Honourable The House of Commons,
dated 20 April 1869;—for,

COPIES “ of the CORRESPONDENCE between the POSTMASTER GENERAL of
the UNITED KINGDOM and the POSTMASTER GENERAL of the UNITED STATES,
commencing the 13th day of December 1867, relating to the POSTAL CON-
VENTIONS between the two Countries:”

“ And, of Mr. Anthony Trollope’s MEMORANDUM, dated Washington, the
26th day of April 1868, and the REPLY of the POSTMASTER GENERAL of
the UNITED STATES, dated the 23rd day of May 1868.”

General Post Office, }
28 April 1869. }

JOHN TILLEY.

— No. 1. —

The Duke of *Montrose* to the Postmaster General, Washington.

Sir,

General Post Office, London,
13 December 1867.

I HAVE the honour to inform you that I am desirous of availing myself of the
power reserved to me by the 21st Article of the Postal Convention between the
General Post Office of the United Kingdom and the General Post Office of the
United States of America, signed at London the 18th June 1867, to terminate
that Convention by a notice of one year, and I have accordingly to convey to
you my wish that the Convention should cease to have effect on the 31st
December 1868.

In the meantime, I shall have great pleasure in entering into negotiations for
a new Convention formed upon a basis likely to be satisfactory to both countries.

The Postmaster General,
Washington.

I have, &c.
(signed) *Montrose*.

— No. 2. —

The Duke of *Montrose* to the Postmaster General, Washington.

Sir,

General Post Office, London,
13 December 1867.

IN a separate letter of this day’s date, I have intimated to you my intention
of terminating, on the 31st December 1868, the Postal Convention concluded
between the British and the United States Post Offices on the 18th June last.

This step has been rendered necessary by difficulties that have arisen in carry-
ing

CORRESPONDENCE RELATING TO

ing some of its stipulations into effect, and by objections which have presented themselves to some of its details when reduced to practice.

I cannot, however, permit that letter to be despatched without, at the same time, expressing to you my sense of the courtesy which you have shown to this office in arranging, at my request, that mails for England might be forwarded, as a temporary measure, by the steam vessels of the Cunard Company.

The Postmaster General,
Washington.

I have, &c.
(signed) *Montrose.*

— No. 3. —

The Postmaster General, Washington, to the Duke of *Montrose.*

United States of America,
Post Office Department, Washington,
4 January 1868.

Sir,

I HAVE the honour to acknowledge the receipt of your two letters dated the 13th of December 1867, in one of which you convey to me your wish that the postal convention between the General Post Office of the United Kingdom and the General Post Office of the United States of America, signed at London the 18th June 1867, should cease to have effect on the 31st December 1868, in accordance with the power reserved to you by the 21st Article thereof to terminate the same by a notice of one year, expressing at the same time your willingness to enter into negotiations for a new Convention, and in the other allude briefly to the reasons which have rendered it necessary for you to take this step.

Inasmuch as this Convention was framed substantially upon the propositions made by you to this department under date of 23rd October 1866, I should be glad to receive, at the earliest date practicable, the specification of the difficulties that have arisen in carrying some of its stipulations into effect, and the objections to some of its details to which allusion is made in your communication of the 13th ultimo.

I observe in your acknowledgment of the assent of this department to your request that mails should be sent by the Cunard steamers, it appears to be regarded by your department as a temporary measure. It may be proper to observe, therefore, that it was designed to have equal permanence with the arrangements made with the other steamship lines accepted for the Transatlantic service, the wish of this department being to place all the lines of steamships employed for postal service on an equal footing, without partiality or prejudice.

I am, &c.
(signed) *Alex. W. Randall,*
Postmaster General.

His Grace the Duke of Montrose,
&c. &c. &c.
London, England.

— No. 4. —

The Duke of *Montrose* to the Postmaster General, Washington.

General Post Office, London,
24 January 1868.

Sir,

I BEG to acknowledge the receipt of your letter of the 4th instant, informing me that you duly received the letter which I had the honour to address to you on the 13th ultimo, expressing my wish to terminate, on the 31st December next, the Postal Convention concluded on the 18th June 1867 between the General Post Office of the United States and this department.

In reply to your request to be furnished with a specification of the difficulties that have arisen in carrying some of the stipulations of that Convention into effect,
and

and of the objections that have presented themselves to some of its details when reduced to practice, I beg to observe that, after full consideration, I could not but think that any discussion of these points at the present time would necessarily have the effect of embarrassing any negotiators who might hereafter be appointed to arrange and settle the details of a new Convention.

I am prepared, on learning that such a course would be convenient to you, and meets with your approval, to despatch to Washington, in the spring of this year, a plenipotentiary, and to give him full power to settle by negotiation the terms of a Convention, better calculated than the present to afford satisfaction to the people of the two countries.

The gentleman whom I propose to appoint is Mr. Anthony Trollope, who was for many years, and until his recent retirement from the public service, one of the principal officers of this department.

The Hon. A. W. Randall,
Postmaster General, Washington.

I have, &c.
(signed) *Montrose.*

— No. 5. —

The Postmaster General, Washington, to the Duke of *Montrose.*

United States of America,
Post Office Department, Washington,
12 February 1868.

Sir,

I HAVE the honour to acknowledge the receipt of your letter of the 24th, in reply to mine of the 4th ultimo, relative to the notice given in your previous communication of 13th December last for termination of the present Postal Convention between the two countries on the 1st of January 1869, and to inform you that I receive with satisfaction the announcement of your purpose to despatch to Washington, in the spring of this year, a plenipotentiary with full power to settle by negotiation the terms of a new Convention, better calculated than the present to afford satisfaction to the people of the two countries; and shall be glad to offer to Mr. Anthony Trollope, or other gentleman whom you may appoint as plenipotentiary, every facility in my power to conclude, with as little delay as possible, the business with which he shall be charged.

I am, &c.
(signed) *Alex. W. Randall,*
Postmaster General.

His Grace the Duke of Montrose,
Postmaster General, &c. &c.,
London, England.

— No. 6. —

Mr. *Scudamore* to the Postmaster General, Washington.

General Post Office, London,
7 August 1868.

Sir,

ON Mr. Trollope's return to England he stated that during his negotiations with you for a new Postal Convention, several questions had arisen with reference to which he had no powers to treat, but which nevertheless at your request he undertook to bring under the consideration of the Postmaster General, in order that they might be settled before the articles of the new Convention should be finally decided upon.

In the first place, Mr. Trollope mentioned that you had very strongly urged the expediency of fixing a lower rate of postage than 3 *d.*, or six cents, for international book packets and patterns of a less weight than two ounces; and on this point I am to state that the Duke of Montrose will be most happy to meet your wishes by fixing the rate upon such matter, at—

If not exceeding one ounce in weight - - - 1 *d.* or 2 cents.
If above one ounce and not exceeding two ounces - 2 *d.* or 4 cents.

Packets above the weight of two ounces to be liable to the rates already agreed to by Article 5 of the proposed new Convention.

In the United Kingdom, prices current are allowed to be forwarded to places abroad under the same privileges as newspapers, provided they are published at intervals not exceeding 31 days, and are registered as newspapers at the General Post Office in London, but not otherwise. It is probable that a similar regulation could not be made applicable to such publications in the United States; but the reduction above proposed in the rates upon book packets, will afford the opportunity for sending prices current at a low rate under the book-post arrangement.

Mr. Trollope has left Article 15 to be arranged by correspondence. He states that you are willing to reduce from three to two cents the amount of postage chargeable by the United States Post Office, on its own account, upon every single letter sent through the United Kingdom in ordinary mails, addressed to the United States, provided that the rate of two cents be levied with the other postage on the posting of the letters in question. The Duke of Montrose desires me to state that he agrees to this condition, and will make arrangements for collecting in advance, and accounting to the United States Post Office for its inland postage at the rate of two cents per single letter on all prepaid letters addressed to the United States, passing in transit in the open mails through the United Kingdom.

His Grace hopes that these modifications will be satisfactory to you, and in such case the only further point to be settled, in order to complete the new Convention, will be the amount to be mutually accounted for by one office to the other, for the postage of international correspondence exchanged in bulk, a question on which we have as yet been unable to come to a satisfactory conclusion, but which will, no doubt, be arranged in the course of a few weeks.

The Postmaster General,
Washington.

I am, &c.
(signed) *F. I. Scudamore.*

— No. 7. —

Mr. *Blackfan* to the Postmaster General, London.

United States of America,
Post Office Department, Washington,
7 September 1868.

Sir,

I HAVE the honour, by direction of the Postmaster General, to acknowledge the receipt of your communication (No. 625 T) of the 7th ultimo, advising him of your consent to meet his wishes as expressed to Mr. Anthony Trollope during the negotiations with him for a new Postal Convention, for the establishment of a lower rate of postage than threepence, or six cents, on small pamphlets, &c. of a less weight than two ounces, and proposing to fix the rates upon such matter at one penny, or two cents, if not exceeding one ounce in weight, and at twopence, or four cents, if above one ounce and not exceeding two ounces.

The Postmaster General desires me to express to you his gratification that you have so promptly acceded to this desirable modification of the book-post arrangements, which, applied to small pamphlets and periodicals, imposed a higher rate of postage than was levied under the old Convention, and has been the cause of general complaint by the public on this side, ever since the existing Convention went into operation. And he also desires me to suggest to you the propriety of so modifying your proposal as to make the postage uniform at one penny, or two cents, for all book packets and patterns not exceeding two ounces in weight, which would greatly simplify the collections of postage, and at the same time establish a more moderate charge upon such matter above one and not exceeding two ounces in weight. The Postmaster General would be pleased if you will agree to this modification, but in case you do not consider it advisable to adopt it,

you

you will please cause the rates, as proposed in your communication of the 7th ultimo, to be inserted in the draft of Articles of the new Convention.

I am further to inform you that the provisions of Article 15 of the new Convention may be modified as proposed to Mr. Trollope, the British Post Office undertaking to collect the postage in advance on every single letter sent through the United Kingdom, in ordinary mails addressed to the United States, and to account to the United States Post Office for its inland postage thereon, at the rate of two cents per single letter.

With regard to the amounts to be mutually accounted for, by weight in bulk, by each office to the other, for postages collected on the international correspondence exchanged, which is the only matter yet to be arranged between the two offices, I have to inform you that on the receipt of your letter (No. 418 T) of the 24th July, on that subject, instructions were given to the Exchange Office of New York for a careful re-examination of the statements of weights furnished by that office, with a view to test their accuracy, and to report the result with any additional evidence which may be obtained, showing the actual weights of the correspondence exchanged. The result of this re-examination will be communicated to your office as early as possible.

I am, &c.

(signed) *Joseph H. Blackfan,*
Superintendent of Foreign Mails.

The Postmaster General,
&c. &c. &c., England.

— No. 8. —

Mr. *Scudamore* to the Postmaster General, Washington.

General Post Office, London,
25 September 1868.

Sir,

IN reply to your letter of the 7th instant (No. 15,383), I am directed by the Postmaster General to express to you his regret that he is unable to adopt your suggestion of so modifying the proposal made in my letter of the 7th ultimo, as to make the postage uniform at 1 *d.*, or 2 cents, for all packets of books and patterns not exceeding two ounces in weight transmitted between the United States and this country.

The scale proposed by this department of 1 *d.*, or two cents, for a packet not exceeding one ounce in weight, and 2 *d.*, or four cents, for a packet weighing over one ounce and not exceeding two ounces, is one which has recently been adopted in the United Kingdom for book packets and patterns forwarded from this country to all the States of the Continent of Europe with which a book and pattern post exists; and you will not fail to perceive, therefore, that it would be highly inconvenient to this department to adopt a different scale of charge for similar packets addressed to the United States.

Under these circumstances the Duke of Montrose avails himself of your acquiescence in the rates proposed in my letter above referred to, and will cause those rates to be inserted in Article 5 of the proposed new Postal Convention.

Article 15 will also be modified, according to your request, as proposed to Mr. Trollope, the British Post Office undertaking to collect, in advance, the postage on every single letter sent through the United Kingdom, in ordinary mails, addressed to the United States, and to account to the United States Post Office for its inland postage thereon at the rate of two cents per single letter.

I have, &c.

The Postmaster General,
Washington.

(signed) *Frank Ives Scudamore.*

— No. 9. —

Mr. *Tilley* to the Postmaster General, Washington.General Post Office, London,
7 November 1868.

Sir,

I AM directed by the Duke of Montrose to inform you that his Grace received at 8.10 p.m. yesterday your message by electric telegraph replying to the letter from this office, dated the 21st ultimo,* on the subject of the rates to be fixed by Article 6 of the new Postal Convention, as those which shall be accounted for by the British and United States Post Offices for letters exchanged in the mails between the United Kingdom and the United States.

His Grace is pleased to learn that you agree to the rate of 20 cents proposed by this Department, although your acceptance of this rate is coupled with the condition that a stipulation shall be made in the article to re-adjust the rate according to average weights of one month on application by either office.

The Duke of Montrose readily acquiesces in this stipulation, but as he had already (in anticipation of your concurrence in the rate of 20 cents) signed the Convention in duplicate, he hopes that you will accept this written promise on his part to re-adjust the rate according to average weights of one month, on application by either office, instead of requiring the Convention to be re-written for the purpose of introducing such stipulation. Much delay has already occurred in concluding this Convention, and you will no doubt be glad, equally with his Grace, to have the signed copy in your hands as early as possible, in order to give directions for carrying its provisions into operation.

It is necessary for me to add, that as the Duke of Montrose has lately accepted a tender from Messrs. Cunard, Burns & McIver for the conveyance of a mail once a week from Queenstown to Boston, Article 1 of the Detailed Regulations has been amended accordingly, Boston being named as one of the ports in the United States to and from which mails shall be forwarded.

With these observations I transmit to you two copies of the Postal Convention signed by the Duke of Montrose, and two copies of the Detailed Regulations signed by myself, and I request that you will have the goodness to return one copy of each document to me when duly signed on behalf of the United States Post Office.

The Postmaster General,
Washington.

I have, &c.
(signed) *John Tilley*.

— No. 10. —

Mr. *Blackfan* to the Postmaster General, London.

United States of America, Office of Foreign Mails,
Post Office Department, Washington,
27 November 1868.

Sir,

I AM directed by the Postmaster General to acknowledge the receipt of your letter of the 7th instant, transmitting two copies of the new Postal Convention between the United States and the United Kingdom, signed by the Duke of Montrose, and two copies of the Detailed Regulations for the execution of the same, signed by yourself, and to inform you that he cheerfully acquiesces in the suggestion to execute the same in the form presented, with the understanding that the rate fixed by Article 6 to be mutually accounted for by the respective offices for letters exchanged between the two countries, may be re-adjusted at any time, according to average weights of one month, on application by either office.

1.

The

* This letter was part of a correspondence with the United States Post Office on the subject of the average rates, by weight in bulk, to be accounted for between the British and United States Post Offices on international paid and unpaid letters under the Postal Convention of 1867, and which average rates it was proposed should apply equally to paid and unpaid letters sent under the new Convention of 1868.

POSTAL CONVENTIONS (ENGLAND AND AMERICA).

7

The articles were duly signed in duplicate on the 24th instant, on the part of this Department, with the approval of the President of the United States; and I have the honour, by direction of the Postmaster General, to return herewith for the files of your office one copy of the Convention signed by the Postmaster General, and one copy of the Detailed Regulations signed by myself.

I am, &c.
(signed) *Joseph H. Blackfan.*
J. Tilley, Esq., Secretary, &c. &c.,
General Post Office, London.

The Post Office has not been provided with a copy of the Memorandum which Mr. Anthony Trollope sent to the Postmaster General of the United States on the 26th April 1868, and, therefore, neither that Memorandum nor the reply to it can be given.

POSTAL CONVENTIONS (ENGLAND
AND AMERICA).

COPIES of the CORRESPONDENCE between the
POSTMASTER GENERAL of the UNITED KINGDOM
and the POSTMASTER GENERAL of the UNITED
STATES, commencing 13th December 1867, re-
lating to the Postal Conventions between the
two Countries; &c.

(*Mr. Seely.*)

*Ordered, by The House of Commons, to be Printed,
3 May 1869.*

BRITISH SHIPS IN AMERICAN WATERS.

RETURN to an Order of the Honourable The House of Commons,
dated 11 May 1871;—for,

COPY “ of CORRESPONDENCE between the Board of Trade and Mr. *Burns*,
respecting a CONVENTION with the UNITED STATES for putting BRITISH
SHIPPING in AMERICAN WATERS on the same footing as FOREIGN SHIPS
in BRITISH WATERS, so far as regards Liability.”

Board of Trade, }
19 May 1871. }

T. H. FARRER.

— No. 1. —

John Burns, Esq., to the Board of Trade.

Sir,

Fenton's Hotel, London, 1 May 1871.

REFERRING to the conversation I had with you when I had the honour of an interview a few days ago, I now proceed to state in writing what I then brought before you on the subject of the liability of British shipowners when sued in the courts of law of foreign countries, for damages in respect of injury to vessels of those countries, or to goods or passengers conveyed in such vessels, or in the vessel of the British shipowner, or to another British vessel in foreign waters. I do so with some hesitation, but I trust that the large practical experience I have had of the risk, and I may add the hardship, arising from the position in which the British shipowner is placed by the difference in the law of our country and of foreign countries, may be held to excuse my venturing to express to you my opinion upon a subject which, from its importance in regard to international relations on the one hand, and to the well being of a very important branch of the enterprise of our own country on the other, is, I admit, not to be approached without very careful deliberation.

For obvious reasons I cannot, in this communication, refer to the details of cases in which I have been personally concerned; suffice it to say, that, in more than one instance, I and my partners have been compelled to pay damages, or give security in court, to parties suing in foreign courts, to the extent of upwards of 50,000 *l.* in respect of a *single* accident, and that even those large amounts were not by any means the maximum of what we might have been made liable for had the loss occasioned been greater and our liability established; while, on the other hand, had we suffered the wrong, and been obliged to sue the owner of a foreign ship, under similar circumstances, in our British courts, the maximum which we could have recovered (whatever might have been the amount of loss inflicted upon us) would not have been a half of the sum before mentioned, even supposing the foreign vessel to be of equal tonnage to that of our vessels in the cases above referred to; and, if the vessel were smaller, the amount to be recovered would be diminished proportionately.

I am not now complaining of *injustice* either in the laws of foreign nations or in the administration of their laws by their courts; but I maintain that the risk and hardship arising from the difference in our laws on this question and those of foreign nations is very great, and that every legitimate effort should be made to induce foreign Governments to assimilate their laws to our own.

I think I may assume that, in the view of the Government of this country, it is undoubtedly for the advantage of commerce, and consequently for the advantage

tage of the world in general, that the liability of the shipowner should be reasonably limited. The amount of loss involved in the destruction of a single vessel laden with valuable cargo, or carrying valuable lives, or both, is so tremendous, as to tend to discourage individuals from running the risk of incurring such a liability. Hence it has been adopted as the law of some of the greater maritime nations, that the liability of the shipowner, when he has *no* privity in the fault of his ship, or of the officers and crew thereof, should be limited to the value of his ship and the freight thereof. Were this the *universal* rule, it would be a step in advance, but it is not so, as will appear hereafter; and, even if it were, there is this defect in the rule, that it exposes the owner of a valuable ship to larger damages than he would have incurred if his vessel had been of a less valuable character, and thus holds out a premium to the employment of inferior vessels.

I am informed that by the *common* law of England the owner of a vessel would be liable to his last farthing in making good any damage done, by the fault of his vessel, to another vessel and its cargo. But as early as the year 1734 the British Legislature thought fit to limit the liability of the shipowner to the value of his ship in fault, and the freight then accrued or accruing by her (see 7 Geo. 2, c. 15, 26 Geo. 3, c. 86, 53 Geo. 3, c. 159), and ultimately by "The Merchant Shipping Act, 1862," the liability of the British shipowner was limited in respect of loss of life or personal injury (alone or together, with damage to ships, goods, &c.) to 15*l.*, and for damage to ships, &c. alone to 8*l.* for each ton of his ship's tonnage.

Previously to 1862 the *statutory* limitation upon the English common law, in respect to liability, extended to the owners of *British* ships only. It did not affect foreign shipowners whether the question arose between two foreigners or between a foreigner and a British subject. In any such case the British Court dealt with the parties on what was deemed to be International Maritime Law. That law was assumed to be the same as the English common law, and the liability of the party in fault was held to be unlimited. There was something anomalous in such a state of the law, but it secured equality between foreigners and British shipowners. In 1862, however, when the alteration above mentioned was made in our statute law, the limitation of liability previously established as between one British shipowner and another was extended to foreign ships, without reference to the differences which might exist between the law of the country to which such ship belonged and the British law. This alteration has been stated to have been made on the ground of establishing *a just and uniform rule*, which we should extend with impartiality to all nations; trusting, I presume, to the effect of a good example in leading others to adopt a like course.

It might be difficult to resist this reasoning if applied to some great fiscal operation; but I maintain that, in order to the fair application of the principle on which it rests, the whole community should bear the effects of its adoption, and not merely a few individuals engaged in a particular trade; as, although the rule may *ultimately* prevail from its intrinsic merit, still some time must elapse, while it is asserting itself, during which these individuals may be made heavy sufferers, or rather martyrs, to the principle of extending to others advantages which they do not reciprocally extend to us. Had the British Government, in 1862, when they were remedying the defect in our own law, applied themselves to obtain a like remedy in foreign countries, and had they succeeded in securing it, they would have conferred a boon of the highest character on the shipping interests of this country, and, I believe, of the whole world.

An opportunity has arisen for urging upon one foreign Government, at any rate, the advisability of making their law conformable to our own. A convention is at present under consideration between the United States and Great Britain in respect to the conveyance of passengers; and I would press upon the attention of our own Government the propriety of urging at the same time upon the Government of the United States a convention for the adoption of our rule of limited liability, both as benefiting their own marine, and as reciprocating the advantages given to their subjects by the law of this country.

If our law be a *just* one, and one which we have made *uniform* in its operation, as respects the British shipowner and the owner of a foreign vessel, it should need no further argument to prove that it must be a just one as respects the subjects of the United States *inter se*, and one which should be extended by the United States to the shipowners of other countries; and I would hope that, when properly

perly explained, the merits of the rule we have adopted would recommend it to the favourable consideration of the Legislature of the United States. The care and attention exercised in fitting out British ships under the requirements of our law, and the selection of officers approved by the Board of Trade (after strict examination) as competent for their duties, might, however, also be urged upon the United States in favour of granting our shipowners the protection which our law already gives to the American subject.

I feel confident that when the mercantile marine of America recovers from the depression resulting from the civil contest in that country (an event which may be confidently expected soon to occur), the benefit to themselves as well as to us of a just and uniform rule would soon become manifest; and its adoption would tend to that harmony which is so desirable between the two greatest maritime nations.

I have, through the kindness of your department, had the opportunity of perusing the opinion (dated 22nd January 1867) of Mr. Carlisle, the legal adviser of the British Legation at Washington, as to the law of the United States on the subject of which I am speaking.

It appears from that opinion that the law, as administered by the Admiralty Courts of the United States, limits the liability of the shipowner, whether a subject or a foreigner, to the value of his ship and freight: but that it is open to any party aggrieved to bring his action, on the *case*, in the court of any *State* in which he may find the defendant (or, I presume, his property, in the shape of a ship or otherwise), and that by the law of such *State* the liability of the defendant would be *unlimited*. Without admitting that Mr. Carlisle is right on the *latter* point, I submit that the evil arising from the liability recognised by the Federal law is very great, because as the American law gives a larger amount of redress than the British law, it is the interest of the American subject claiming damages to raise his action, whenever he has the opportunity, in an American court, and the British shipowner, whose vessel has by misfortune collided with an American vessel, must either avoid entering an American port, and take care to have no property in America, or subject himself to being sued in an American court, where he may be made liable to the full value of his ship and freight. But in many cases (my own and my partners, for example) it is impossible to avoid sending vessels into American ports, except by abandoning the trade altogether, and failing in contracts with our own Government. To be exposed to be sued and made liable for an amount equal to the value of *one* of the large steamers which now conduct the traffic between England and America is a frightful contingency; such a vessel and its freight running up in value to as much as from 120,000*l.* to 150,000*l.*; but when it is considered that some of the British lines of steamers have vessels of the above description entering American ports weekly, it may be supposed that the unlimited damages recoverable (if Mr. Carlisle's opinion be sound as to the unlimited amount which might be adjudged in the State's courts above referred to) would become quite overwhelming.

It has been suggested to the British shipowner that the extension of the rule of limited liability in *our* courts to the ships of other nations is in itself a (van-
tageous to *him*, inasmuch as in the majority of cases *he* would be the defendant in our courts from whom the damages would be claimed. I am not prepared to admit that *we* must be in most cases the defendants; even if it were so, the same advantage would, by the adoption of our rule, accrue to American shipowners in American courts.

But besides this, I maintain that the American law is disadvantageous even to the American shipowner who may have been so unfortunate as to be the party in fault in a collision with a British vessel, inasmuch as the *British* shipowner may, in an American court, recover so much larger an amount of damage than he could recover if the American law were made similar to the British law. That, however, is a privilege on the part of the British shipowner which I would willingly surrender for the sake of a just and uniform law.

I may put a case to show the anomalies arising under the present state of the laws of the two countries.

In the case of a collision between a British and an American vessel, when the *latter* is in fault, if the collision occurred on the *high seas*, the plaintiff could only recover in a *British* court damages limited to 8*l.* or 15*l.* (as the case might be) for each ton of the American vessel; *but* he might recover in the Admiralty

Court of the United States damages limited only by the full value of the offending ship and her freight; *or* (if Mr. Carlisle be correct) he might recover in a "State" court of America damages limited only by the fortune of the owner of the offending ship. Here we have three different scales of compensation open to the same person for the same accident.

But it hardly requires any particular cases to show that there must be great hardship, and even injustice from want of uniformity in laws affecting the same persons in respect to the same circumstances, though in different courts. It could not be tolerated that there should be a difference of liability in England and Ireland, and I cannot doubt that the Legislature of the United Kingdom would at once remove the difference if it existed; but the maritime relations between America and England are nearly as intimate as, and much more extensive than those between Ireland and England, and I therefore submit that what our Government would undoubtedly do by Act of Parliament in this country, where they have the power so to do, they should endeavour to do by negotiation with the American Government.

It appears from Mr. Carlisle's opinion, that by a convention between Great Britain and the United States, with a proper Act of Congress to carry it into effect, the measure of damages may be limited not only in a Federal court, but also in the several "State" courts of America, and it seems to me that it cannot but be the duty of our Government to endeavour as quickly as possible, and to the utmost of their power, to obtain such a result.

I would also press upon our own Government, the propriety of taking the earliest opportunity of obtaining an assimilation of the law of other foreign countries to our own law, on the subject of shipowner's liability.

So far, I have found it impossible to ascertain with certainty what is the law of some of the leading continental nations, and it may be supposed how embarrassing to the shipowner is such a state of matters. The adoption of a just and uniform rule by all, would be an incalculable benefit. No doubt there are difficulties in the way of obtaining it, but I feel assured that the adhesion of one great State would pave the way to that of another, and that if two or three such States adopted the same rule it would soon become universal international law.

I have not commented above upon the benefit which the adoption of our rule of limited liability would confer upon the American shipowner, in cases of collision with vessels of his *own* country in American waters, as I felt I might be intruding upon ground peculiar to the subjects of another government; but considering the extensive coasting trade necessary to connect the various ports on the Atlantic and Pacific sea-boards of that great country, and the constant danger to which the American shipowner must be exposed, of being made liable for accidents quite beyond his control, I should think it well worthy his serious attention and best efforts to secure the enactment of a law which would reasonably secure him from the overwhelming risks which he is now compelled to incur.

I must apologise for the length to which my observations have extended. I can only ask your kind consideration on account of the vast importance of the subject to which I refer.

To the Right Honourable
the President of the Board of Trade.

I am &c.
(signed) *John Burns.*

— No. 2. —

Board of Trade to *John Burns*, Esq.

Board of Trade, Whitehall,
8 May 1871.

Sir,

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 1st May on the subject of the liability of shipowners in the courts of foreign countries, and especially in those of the United States. The Board have read your letter with great interest; and the more so, since the subject is one which has long engaged their attention. It is now nearly three years since Her Majesty's Government urged upon the United States Government the expediency of making an alteration in their law, and the Board of Trade have recently been in communication with the Foreign Office for the purpose of again pressing the question on that Government.

As regards the statements and views contained in your letter, the Board of
Trade

Trade for the most part entirely concur with you : there are, however, some parts of it which appear to them to be calculated to convey erroneous impressions, and these impressions are such as it is very important to correct. From certain passages in your letter, it might be supposed that under the operation of the United States law British shipowners are exposed to liabilities to which United States shipowners are not subject ; that prior to 1862 the laws in force in this country placed the British shipowner and the foreign shipowner on a footing of equality as regards liability ; that the changes made in British law by the Act of 1862 did away with this equality, and gave some special advantage to the foreigner ; that by so doing an opportunity was lost of making terms with foreign nations for obtaining from them similar advantages for British ships ; and that Her Majesty's Government have now the difficult task of asking foreign governments to give these advantages to British ships without having any consideration to give to them in return. These implications are, it is true, at variance with other passages in your letter, and it is possible that they do not completely or exactly express your meaning ; but however this may be, the Board of Trade think it important that there should be no misapprehensions on the subject for various reasons, but especially because any such misapprehensions are calculated to place difficulties in the way of obtaining from Foreign Governments the alterations in their law which Her Majesty's Government agree with you in thinking desirable.

The actual state of the case is as follows :

By the common law of this country, and by the maritime law as administered in the British Admiralty Courts, the shipowner was formerly liable to the whole extent of his fortune for any damage done by his ship to another ship or her cargo through default of his servants.

The legislature, however, as you have pointed out, long since passed statutes limiting this liability ; but it was held that these statutes, being municipal laws, did not affect cases where foreign ships were involved, but that such cases must be governed by the general maritime law of the world, which was at the time, whether correctly or not, assumed to be the same as the British common law.

The consequence was, that, if a collision occurred between two British ships, the British law of liability applied, and the liability on either side was limited ; but that if a collision occurred between a British and a foreign ship, or between two foreign ships on the high seas, and the case was tried in a British court, the liability was unlimited on the part of the ship adjudged to be in fault, whatever her nationality.

This state of the law was, of course, anomalous, but in no way specially injurious to the foreign as compared with the British shipowner, or to the British as compared with the foreign shipowner ; the liability of the ship in fault, whether British or foreign, was equally unlimited. The law was hard upon the ship in fault in such cases, but it was equally so upon all ships in fault, whatever their nationality.

Under these circumstances, and with the view of enabling British courts to administer the same law in all cases, the British statute was amended by the Merchant Shipping Act of 1862, under which the principle of limited liability is applied to all cases coming before British courts, whether the ships concerned are both British, or both Foreign, or one British and one Foreign.

This change was simply an improvement of British law. It extended the principle of limitation of liability to all cases without distinction of nationality, but it conferred no special advantage on Foreign as distinguished from British ships. If the Foreign ship is the defendant, and in fault, the Foreigner gains an advantage by it ; but if, as is perhaps more usually the case in suits in this country, the British ship is the defendant and in fault, the British shipowner gains an advantage by it. Under such circumstances, since the measure was just as advantageous to British as to Foreign interests, and conferred no special advantage upon Foreigners, it was not thought desirable to delay it in order to make it the means of obtaining similar changes in the laws of Foreign nations.

This is the state of the case as regards British law ; as regards the laws of the United States, it is not quite clear what they are.

The only Act of Congress which refers to this question is that of the 3rd March 1851. This Act, sect. 3, is as follows :—

“ And it be further enacted, that the liability of the owner or owners of
 “ any ship or vessel for” &c. &c. &c. “ *for any loss, damage, or injury by*
 “ *collision*, or for” &c. &c. &c. “ shall in no case exceed the amount or value
 236. “ of

“ of the interest of such owner or owners respectively in such ship or vessel, “ and her freight then pending.” (Statutes at Large, chap. XLIII. p. 635.)

It would at first sight appear from the wording of this Act that the liability of the owners of *all* vessels, *whether native or Foreign*, are limited in cases of injury by collision, tried before the United States Courts, to the amount of their interest in the vessel and her freight. But upon the best consideration the Board of Trade can give, they believe it to be probable that the Courts of the United States would put upon the Act of Congress above quoted a construction similar to that which before 1862 the English Courts placed upon the British Statutes, and would hold that the limitation of liability conferred by the Act of Congress does not apply to a British ship which has done injury on the High Seas to an United States ship, or to an United States ship which has done injury on the High Seas to a British ship.

It further appears to be doubtful, as is well pointed out in your letter, whether the laws of the several States do not give an action on the case for damages to an unlimited amount against any shipowner, of whatever nationality, whose ship may do damage to another ship.

Assuming this to be the state of the American law, the Board of Trade entirely agree with you that it is desirable that it should be altered, but they do not think that it is more injurious to the British than to the United States shipowner. It is quite true, as you state, that it is the interest of an American subject claiming damages to raise his action in an American court; and that the defendant, if a British shipowner, may be held liable in that court to the full value of his ship and freight, or possibly to the full value of any property he owns in the United States. But it is equally within the power of the British shipowner, if he sustains injury, to bring his action in the American courts; and then he will recover from the American shipowner the large amount of damages which the American courts award. It is the plaintiff who has an advantage in the American courts, whatever his nationality; and if any given shipowner specially suffers by it, it is not because he is English, but because he has the misfortune to occupy the position of the defendant who has done an injury. It is obvious also that in this state of things those who reside in America and have property there, are in that respect, and to that extent, at a disadvantage; since all their property can be seized by the American courts. And it is not a little curious that complaints have been made of the British law of 1862 by an agent for Foreign ships, on the ground that that law limits the liability of shipowners still more than the laws of most Foreign nations do; and that British shipowners, being frequently defendants in British courts, get an undue advantage from it.

The Board of Trade have thought it right to make these observations in order to show, in the first place, that the British Statute of 1862 conferred no special advantages on Foreign ships as compared with British ships; and, secondly, that the existing American law imposes no disadvantage on British shipowners as compared with citizens of the United States. But they agree entirely with you that, measured by our own law of 1862, the American law does inflict considerable hardship on the defendant who is in fault, whether he is a British subject or an United States citizen; and Her Majesty's Government have, as above stated, urged on the United States Government the expediency of adopting a change in their law similar to that made in this country in 1862. They do not, however, for the reasons above stated, think that this is a matter of bargain with the United States; and on this account, and also because it is foreign to the narrower subject of emigration, they do not think it desirable to insert any stipulation on this subject in the draft Emigration Convention which is about to be submitted to the United States Government. They also think that it would embarrass the subject, and probably lead to delay, were they to endeavour to obtain from the United States and other foreign governments precisely the same limit of liability which prevails in this country. What they have asked for, and what they will continue to ask for, is, that the United States should adopt some reasonable limit of liability, and should apply it to all ships, of whatever nationality.

I am, &c.
(signed) T. H. Farrer.

John Burns, Esq., Fenton's Hotel.

BRITISH SHIPS IN AMERICAN WATERS.

COPY of CORRESPONDENCE between the Board of Trade and Mr. *Burns*, respecting a CONVENTION with the UNITED STATES, for putting BRITISH SHIPPING in AMERICAN WATERS on the same footing as FOREIGN SHIPS in BRITISH WATERS, so far as regards Liability.

(*M. Graves.*)

*Ordered, by The House of Commons, to be Printed,
17 May 1871.*

NORTH AMERICA.

No. 4.

CORRESPONDENCE

RESPECTING THE

WITHDRAWAL

BY THE

GOVERNMENT OF THE UNITED STATES

OF

MR. BUNCH'S EXEQUATUR

AS

HER MAJESTY'S CONSUL AT CHARLESTON.

Presented to both Houses of Parliament by Command of Her Majesty.
1862.

LONDON:

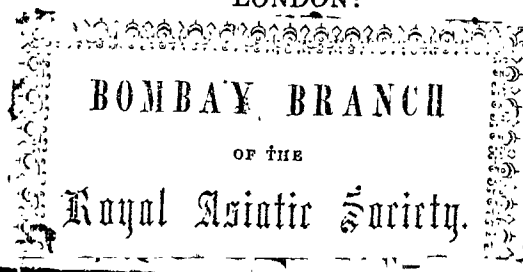


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28.	"	"	23,	Has not yet received an official intimation of the revocation of Consul Bunch's exequatur	27
29.	"	"	31,	Formal announcement made to him of the revocation of Consul Bunch's exequatur. Instructions he intends to send to Consul Bunch	27
30.	To Lord Lyons	..	Jan. 18, 1862	Her Majesty's Government do not dispute the right of the United States' Government to withdraw Consul Bunch's exequatur. The Vice-Consul can sign papers for use in the United States	27

Correspondence respecting the Withdrawal by the Government
of the United States of Mr. Bunch's Exequatur as Her
Majesty's Consul at Charleston.

No. 1.

Lord Lyons to Earl Russell.—(Received August 30.)

My Lord,

Washington, August 16, 1861.

I HAVE the honour to inclose copies of a correspondence which I have had with Mr. Vice-Consul Edwards, who is conducting the affairs of the Consulate at New York, Mr. Consul Archibald being at this moment, I am sorry to say, too unwell to attend to business.

The inclosed papers relate to the arrest at New York of Mr. Robert Mure, a gentleman charged by Mr. Consul Bunch with despatches for your Lordship.

Mr. Seward, the Secretary of State, sent for me this morning, and told me that, having received information that Mr. Robert Mure was carrying despatches from the Rebel Government to the Southern Commissioners in Europe, he had given orders that he should be arrested, and that the papers found upon him should be sent to Washington. Among the things which had, in consequence, been sent here, were, Mr. Seward went on to say, a canvass bag addressed to your Lordship, and bearing the seal of the Consulate at Charleston; a passport from Mr. Consul Bunch, designating Mr. Mure as bearer of despatches; and an open letter of instructions concerning the despatches.

Mr. Seward then informed me that he should send by the first opportunity a special messenger to your Lordship with the bag, the passport, and the instructions, and that he should direct Mr. Adams to explain to you the circumstances under which the messenger had been arrested, and the bag taken from him.

I said to Mr. Seward that, as he had determined to lay the matter himself before your Lordship, I would abstain from making any observations upon it.

Mr. Seward seemed to hold, in the first place, that a Consul was not entitled to issue passports such as that given to Mr. Mure; and secondly, that the passport was invalid, because the regulation requiring it to be countersigned by the Secretary of State had not been complied with.

I have no doubt that the bag will be delivered to your Lordship with the seals unbroken.

Mr. Seward showed me the passport and the instructions given by Mr. Bunch, and he read me a letter from the Chief of the Police at New York. It appeared that about 200 private letters addressed to private persons in Europe had been found in Mr. Mure's possession. These had not all been examined. It seemed, however, that nothing objectionable had yet been found, except several copies of a pamphlet containing the Southern account of the battle of Bull's Run.

I have directed the Vice-Consul at New York to watch the proceedings carefully, with a view to ascertain whether there is any foundation for the charge that Mr. Robert Mure was carrying despatches from the so-called Confederate Government.

Mr. Robert Mure is, I understand, a brother of Mr. William Mure, Her Majesty's Consul at New Orleans. He appears to be a Scotchman by birth, but to have become a naturalized American citizen.

I have, &c.
(Signed) LYONS.

Inclosure 1 in No. 1.

Vice-Consul Edwards to Lord Lyons.

My Lord,

New York, August 14, 1861.

I HAVE the honour to report that Mr. Robert Mure, bearer of a bag of despatches from Mr. Consul Bunch at Charleston, addressed to Her Majesty's Secretary of State for Foreign Affairs, has been arrested this morning by the police, when on the point of sailing for Liverpool in the steam-ship "Africa," in accordance with instructions from the Secretary of State at Washington, upon suspicion of carrying despatches from the *de facto* authorities in the Southern States.

Having elicited from Mr. Mure, in a private conversation, that although a Scotchman by birth, he is a naturalized American citizen, I have thought best not to interfere in the matter, further than to request that the despatches above referred to should be delivered to me for transmission to their destination. This request has, however, been refused by the police authorities until the receipt of instructions by them from the State Department.

I have, &c.
(Signed) PIERREPOINT EDWARDS.

Inclosure 2 in No. 1. •

Lord Lyons to Vice-Consul Edwards.

Sir,

Washington, August 15, 1861.

I HAVE received this morning your despatch of yesterday, informing me that Mr. Robert Mure, bearer of a bag of despatches from Mr. Consul Bunch to Lord John Russell, has been arrested at New York.

It appears that Mr. Mure is a naturalized American citizen, and therefore, as at present informed, I approve of your having not interfered in the matter further than by requesting that the despatches for Lord John Russell should be delivered to you.

I wish, however, to know whether Mr. Mure had a passport from Mr. Bunch, or any other British authority, and if so, whether it was stated on the face of it that he was charged with despatches.

I beg you to inform me by telegraph of the determination to which the authorities may come with regard to giving up the despatches.

I am, &c.
(Signed) LYONS.

Inclosure 3 in No. 1.

Lord Lyons to Vice-Consul Edwards.

Sir,

Washington, August 16, 1861.

WITH reference to my despatch of yesterday's date, I have to inform you that the Secretary of State of the United States has undertaken to forward to Earl Russell, with delay, the bag of despatches taken from Mr. Robert Mure.

The Secretary of State has also shown me the passport and instructions with which Mr. Mure was furnished by Mr. Consul Bunch. It will, therefore, be unnecessary for you to make any further inquiries respecting them.

I wish you to watch the proceedings against Mr. Mure very carefully, and to keep me regularly informed concerning them. I particularly desire to ascertain whether any proof is found of the charge on which Mr. Mure has been arrested—that of carrying despatches from the Government of the so-called Confederate States.

I am, &c.
(Signed) LYONS.

No. 2.

Lord Lyons to Earl Russell.—(Received September 2.)

(Extract.)

Washington, August 19, 1861.

MR. SEWARD sends the bag taken from Mr. Mure to Mr. Adams, and directs him to cause it to be delivered to your Lordship. I am confident that it contains nothing to

which reasonable objection could be made by the United States' Government. Mr. Bunch has, indeed, very probably transmitted in it to your Lordship papers which might, *per se*, be treasonable in Mr. Seward's eyes. Such, for instance, might be proclamations of the President of the so-called Confederate States; proceedings of the Legislature at Richmond, and similar documents which it would be Mr. Bunch's duty to transmit to his Government for their own information. The present condition of the Southern States renders it, of course, absolutely necessary, for the protection of Her Majesty's subjects, that Her Majesty's Consuls should be in communication with the *de facto* authorities. The bag, therefore, may very well contain reports from Mr. Bunch of communications with those authorities, on the maritime rights of neutrals, the securing Her Majesty's subjects from compulsory enlistment, and similar matters. But I feel quite sure that Mr. Bunch would not make a bag addressed to your Lordship a vehicle for forwarding the correspondence of the Southern Government, or any papers of an improper character.

The reasons assigned by Mr. Seward, in his despatch to Mr. Adams, for suspecting that Mr. Bunch's bag contains treasonable papers, do not appear to me to be by any means conclusive.

That Mr. Bunch should, in the present state of the country, provide a person to whom he entrusted despatches, with a passport, was a matter of common prudence. It was, of course, impossible for him at Charleston to have the passport countersigned by the Secretary of the United States. I do not, indeed, suppose Mr. Seward to hold, as a general rule, that any passport is necessary to enable a person to travel in this country, or to quit it. I conceive that he maintains only that a passport does not afford any special protection to the bearer of it, unless it be countersigned by the United States' authorities.

It is not extraordinary that Mr. Bunch should not have sent the bag in the first instance to this Legation. The gentleman charged with it could not have come to Washington without deviating from his route to New York, and incurring delay.

So far as I recollect from once reading them, I do not think that the unsealed instructions given by Mr. Bunch to Mr. Mure express undue anxiety lest the bag might come under the notice of this Government. Indeed, if I remember right, Mr. Mure was authorized by them, if he should be himself detained, to give up the bag to any commissioned officer of the United States to be forwarded to this Legation.

On the questions of principle involved in this matter, I am not called upon to express an opinion. It is right, however, that I should say, that although I conceive Mr. Seward's suspicions to be entirely unfounded, I have not the least doubt that they are sincerely entertained by him. I think, too, that having been led to take the strong measure of arresting the messenger and seizing the despatches, he has been very anxious to manifest in the subsequent proceedings respect and courtesy towards Her Majesty's Government.

P.S.—I am informed that Mr. Robert Mure is a cousin, and not, as I incorrectly stated in my despatch of the 16th instant, a brother, of Mr. William Mure, Her Majesty's Consul at New Orleans.

No. 3.

Mr. Adams to Earl Russell.—(Received September 3.)

*Legation of the United States, London,
September 3, 1861.*

My Lord,

I HAVE the honour to inform your Lordship that I have received, by the hands of a special messenger of the Government, just arrived in the steamer "Europa" from the United States, a sealed bag, marked "Foreign Office, 3," with two labels as follows:—

"On Her Brit. Maj. Service.—The Right Honourable the Lord John Russell, M.P., &c., &c., &c.—Despatches in charge of Robert Mure, Esq.—(Signed) ROBERT BUNCH."

"On Her Brit. Maj. Service.—The Right Honourable the Lord John Russell, M.P., H. B. M.'s Principal Secretary of State for Foreign Affairs, Foreign Office, London.—(Signed) R. BUNCH."

Agreeably to instructions communicated by my Government to me, to see that this bag is delivered according to its address, in exactly the condition in which I received it, I have the honour to transmit the same by the hands of my Assistant Secretary, Mr. Benjamin Moran, who is directed to deliver it into your own hands, if present, or, if absent, into those of one of the Under-Secretaries of State for Foreign Affairs.

It now becomes my duty to explain the circumstances under which this bag has found its way from the possession of the person to whom it was originally intrusted into that of the authorities of the United States.

It appears that the Secretary of State of the United States, on the 15th of August last, received information, deemed worthy of confidence, that Mr. Robert Mure, the bearer of this bag, was at the same time acting as a bearer of despatches from the insurrectionary authorities at Richmond to your Lordship. Other information came that he was a bearer of despatches from the same authorities to their agents in London. And still other information, from various sources, agreed in affirming that he was travelling under a passport issued by Her Majesty's Consul at Charleston. Upon this information, instructions were sent forthwith to the police of New York to detain Mr. Mure and any papers which might be found in his possession. He was accordingly detained, and is now in custody at Fort Lafayette awaiting full disclosures. A large number of papers were found upon him, an examination of which was found fully to sustain some portions of the information which has been furnished, and to prove that Mr. Mure was acting as the bearer of a treasonable correspondence between persons acting in open arms against the Government of the United States and their friends and emissaries in Great Britain. He had also with him several copies of a printed pamphlet, purporting to be a narrative of the events of the 21st of July at Manassas Junction, addressed to persons in England, and evidently intended to further the purposes of the conspirators in South Carolina.

Robert Mure, the bearer of these papers, is represented to be a naturalized citizen of the United States, where he has resided for thirty years, and as actually holding a commission of Colonel in the insurgent forces of South Carolina.

It turned out to be true that in the hands of this gentleman were found, in an open envelope, a paper purporting to be a passport, a copy of which I have the honour to append to this note as paper marked A, and a letter of instructions signed by Robert Bunch, Her Majesty's Consul for the United States residing at Charleston, a copy of which is likewise appended, as paper marked B.

In the absence of all other evidence against Mr. Bunch to prove his departure from the line of his legitimate duty, it is quite enough to call the attention of your Lordship to the fact, that in issuing such a paper as this passport, he has acted in direct contravention of a Regulation issued by the proper Department of the United States, of which he had received notice, which forbids all recognition of any Diplomatic or Consular passports so far as to permit the bearer to pass through the lines of the national forces, or out of the country, unless it should be countersigned by the Secretary of State and the Commanding General of the army of the United States. Mr. Mure attempted to do both, with a paper bearing no such signatures.

There is, however, other and still more serious cause of complaint against Mr. Bunch, as disclosed by the papers of Mr. Mure, the exposition of which I am compelled to reserve for a separate communication. The present purpose is confined to an explanation of the reasons which have actuated the Government of the United States in taking the extraordinary step which has had for one of its consequences the effect of diverting, be it but for a moment, a part of the official correspondence of Her Majesty's Government from the channel in which it was originally placed. I am directed to express the regret the Government feels that such a measure had become imperative, and to assure your Lordship of its earnest desire to make any suitable amends which may justly be required. If in the process there may have happened a slight interruption of the correspondence of the British Consul, it is their desire that the pressing nature of the emergency may induce your Lordship to excuse it.

It is needless to say that the bag passes into the hands of your Lordship in precisely the same condition in which it came from those of Mr. Mure. Comity towards the Government of a friendly nation, together with a full confidence in its justice and honour—to say nothing of a sense of propriety—would deter the Government which I have the honour to represent from entertaining the idea of breaking the seals which protect it, even were there ten times more reason than there is to presume an intention, under so sacred a sanction, to perpetrate a wrong, certainly on one, and perhaps on both, Governments. Still less is it the intention of the American Government to intimate the smallest suspicion of any privity whatever on the part of the authorities in Great Britain in aiding, assisting, or countenancing a supposed design injurious to the United States, and subversive of their sovereignty. Much ground as there is for presuming that it never was the intention of those who prepared the package to forward it to its nominal address, but that it was rather the design, after bringing bad matter, under this sacred sanction, safely through the dangers of hostile scrutiny, to open the bag themselves and to disseminate the contents far and wide among the evil-disposed emissaries to be found scattered all over Europe, this consi-

deration has never weighed a single moment to change their views of this trust when put in the balance with the strong reliance placed upon the good faith of Her Majesty's constitutional advisers. Least of all has it been in the thought of any one that your Lordship would consent in any way to receive the papers if they are really illegal in their character, or dangerous or injurious to the United States.

Should it, however, prove on inspection that any abuse has been attempted in America of the confidence to which Her Majesty's Government is in every way entitled, I am directed to express to your Lordship the hope that any papers of a treasonable character against the United States may be delivered up to me for the use of my Government, and that Her Majesty's Consul at Charleston, if shown to be privy to the transmission of them under such a form, may be made promptly to feel the severe displeasure of the Government whose good faith he has sought to dishonour. For there can be no difference of opinion as to the nature of an offence which involves the perversion by the Agent of one Government of the hospitality afforded to him by another, to conspire against its safety, dignity, and honour.

I pray, &c.
(Signed) CHARLES FRANCIS ADAMS.

Inclosure 1 in No. 3.

(A.)

Passport.

(No. 121.) *Her Britannic Majesty's Consulate, North and South Carolina.*

WE, Robert Bunch, Esquire, Her Britannic Majesty's Consul for the States of North and South Carolina, &c., do hereby certify that the bearer, Mr. Robert Mure, is a British merchant residing in Charleston, and that he proceeds hence to New York and Liverpool, charged with despatches on Her Majesty's service from us to the Lord John Russell, Her Majesty's Principal Secretary of State for Foreign Affairs. We therefore request that he may be permitted to pass freely, and that he may receive all proper protection and assistance in virtue of his employment by us.

Given under our hand and seal of office at the city of Charleston, the 7th day of August, 1861.

(Signed) ROBERT BUNCH, *Her Majesty's Consul.*

Inclosure 2 in No. 3.

(B.)

Consul Bunch to Mr. Mure.

Sir,

Charleston, August 7, 1861.

YOU will receive herewith a bag of despatches addressed to Lord John Russell, Her Majesty's Principal Secretary of State for Foreign Affairs, which I beg you to convey, with all convenient speed, to Liverpool. Should you, upon reaching that port, not proceed immediately to London, you will be so good as to deliver the bag to Her Majesty's Postmaster at Liverpool, with the request that he will forward it at once to the Foreign Office.

I beg to impress upon you that these despatches are of the greatest importance, and I would suggest that you should keep them by you as much as possible, not allowing them to get into your luggage.

In the improbable event of your being detained on your road to New York by any authority of the United States, I have no objection to the bag being delivered to an officer of rank, upon his giving a receipt for it, and promising to have it delivered to Her Majesty's Minister at Washington. But I can scarcely suppose the possibility of your detention.

Should you unfortunately be detained in New York by illness or otherwise, the bag may be delivered to Her Majesty's Consul, with the request that he will forward it. But I prefer that it should go with you.

Wishing you a safe and pleasant journey, I am, &c.

(Signed) ROBERT BUNCH.

No. 4.

Mr. Adams to Earl Russell.—(Received September 3.)

*Legation of the United States, London,
September 3, 1861.*

THE Undersigned, Envoy Extraordinary and Minister Plenipotentiary of the United States, deeply regrets the painful necessity that compels him to make a representation to the Right Honourable Lord Russell, Her Majesty's Principal Secretary of State for Foreign Affairs, touching the conduct of Mr. Robert Bunch, Her Majesty's Consul for the port of Charleston, in the United States. It appears from the contents of the many letters found in the possession of Mr. Robert Mure, bearer of despatches from Mr. Bunch to the Government of Great Britain, but detained as an agent of the enemies of the United States, that the following statement is made of the action of Mr. Bunch in Charleston:—

"Mr. B., on oath of secrecy, communicated to me also that the first step to recognition was taken. He and M. Belligny together sent Mr. Trescott to Richmond yesterday to ask Jeff. Davis, President, to the Treaty of to the neutral flag covering neutral goods to be respected. This is the first step of direct treating with our Government. So prepare for active business by 1st January."

The Undersigned is instructed to submit this information to Her Majesty's Government, with a request that if it be found to be correct, Mr. Bunch may be at once removed from his office.

The Undersigned is further instructed to add that the President will cheerfully accord an exequatur to any person who may be appointed to succeed him, who will faithfully perform his functions without injury to the rights and the interests of the United States.

The Undersigned, &c.

(Signed)

CHARLES FRANCIS ADAMS.

No. 5.

Consul Bunch to Mr. Hammond.—(Received September 2.)

Charleston, August 5, 1861..

MR. BUNCH presents his compliments to Her Majesty's Under-Secretary of State for Foreign Affairs, and takes leave to inclose to him herewith certain letters which are intended for the post.

They are principally letters of servants, governesses, &c. (British subjects), which, owing to the discommodiousness of the post, they are unable to send in any other way. Some also contain dividends, the property of British subjects, which they could scarcely receive without Mr. Bunch's intervention.

Mr. Bunch hopes that there is no irregularity in this proceeding. No expense of postage is incurred by the Foreign Office, as the bag in which the letters are contained goes by a private hand to Liverpool.

No. 6.

Earl Russell to Earl Cowley.

My Lord,

Foreign Office, September 7, 1861.

I TRANSMIT with this despatch copies of two letters from Mr. Adams.*

Your Excellency will see that Mr. Adams, in one of these letters, requests that Mr. Bunch may be removed from his Consulship at Charleston. The ground for this request is, that Mr. Bunch, together with the French Consul, executed an instruction given to him by Her Majesty's Government in concert with the Government of France. Indeed, the first proposal for such an instruction seems to have been made by M. Thouvenel to your Excellency, and is contained in a despatch of your Excellency of May 9.†

Her Majesty's Government feel it impossible, in these circumstances, to yield to the request of Mr. Adams, and they intend in their answer to assume the entire responsibility

* Nos. 3 and 4.

† See Papers relating to North America, No. 3 ("Correspondence relating to International Maritime Law"), p. 3.

of the act denounced by Mr. Adams, without, however, admitting that it is a step to the recognition of the so-called Confederate States.

Your Excellency will communicate the substance of this despatch to M. Thouvenel.

I am, &c.
(Signed) RUSSELL.

No. 7.

Lord Lyons to Earl Russell.—(Received September 8.)

(Extract.)

Washington, August 23, 1861.

WITH reference to my despatch of the 16th instant, I have the honour to inclose an extract from the "New York Tribune" of the day before yesterday, which purports to publish a part of the correspondence seized upon Mr. Robert Mure.

I inclose also an article from the "New York Herald" of yesterday, commenting upon a passage relating a conversation with "Mr. B.," by which designation the writer is supposed to indicate Mr. Consul Bunch. The "Mr. Buligny" mentioned is no doubt M. Bouligny, the French Consul. The assertions attributed to "Mr. B." are such as to show that if the writer really had a conversation with Mr. Consul Bunch, he must either have misunderstood what was said, or intentionally misstated it.

However this may be, it is clear that Mr. Robert Mure, in taking charge of the letters which have been seized, abused Mr. Bunch's confidence, for Mr. Bunch had positive instructions from me not to forward himself any letters alluding to military or political events, excepting letters to or from British officials. He had equally positive instructions from me that care should be taken that no person bearing a passport from a British Consulate, stating him to be charged with despatches, should convey any letters not entrusted to him by the Consul himself.

Inclosure 1 in No. 7.

Extract from the "New York Tribune" of August 21, 1861.

THE ARREST OF MR. MUIR.—When Muir of South Carolina was diverted from the gang-plank of the "Persia" to the inn kept by stout Martin Burke for the political refreshment of rebels, known as Fort Lafayette, his baggage, of course, was taken out of the ship, and went into the curious keeping of Government officials. A detective, to whom we are indebted for many favours, has furnished us with copies of some of the correspondence found in Muir's trunk.

The following letter to "Charles Cavendish Clifford, M.P., House of Commons, London," will command attention:—

"C. C. Clifford, Esq.

"Dear Sir,

"Charleston, July 31, 1861.

"The importance which our American affairs are assuming must be my excuse for again addressing you. I have just returned from Richmond, the seat of Government for the Confederate States. I attended for a short time as a spectator the meeting of Congress, and conversed with several of the Members with whom I have long been acquainted. I arrived in Richmond the Wednesday evening succeeding the battle of Manassas, which was fought on Saturday the 21st. Long before you receive this you will have heard of the decisive victory gained by the Confederate troops. The effect of this battle on the Northern mind will be to exasperate and excite to greater efforts than ever the great masses of the North and West. They will never be content until the disgrace of this defeat is wiped out by some counterbalancing victory on their part. As a lover of peace, and earnestly desiring a speedy conclusion to this useless and wicked war, I could hope that neither section would be again humiliated by so disastrous a defeat as that of Manassas.

"I found the Members of Congress, the Members of the Cabinet with whom I am acquainted, and those citizens of Richmond with whom I conversed, perfectly confident of eventually gaining the day. I asked some of the merchants of Richmond if they were not apprehensive that General Scott's army would get possession of Richmond, but they all assured me that at no time did they feel the least sense of danger, and since the recent battle they were satisfied they were not too confident. I confess I had my fears that Richmond, being so near the base of General Scott's operations, might have been captured by the overwhelming forces of the North.

"I am profoundly impressed with the great strength of men, money, and the materials

for waging war which the North possesses. I have been pained to see the disposition of my neighbours to underrate the courage and patriotism of the North, and have feared it might have led us into a fatal security. The experience of the last battle has taught us a useful lesson. It has convinced our people that the Yankees will fight, and most desperately, and will lead to greater caution in future.

"General Beauregard had been reinforced by fresh arrivals of troops before I left Richmond, to the number of 15,000 men, and on my way to Charleston I met 2,000 more in the cars, *en route* for the seat of war. Every railroad train carries on as many men as can find transportation, so that our Generals will have it in their power to carry the war into the enemy's country, but I am greatly afraid we will be as badly beaten in our turn, when we become the invaders. It is fighting on our own ground and for our firesides, which gives us some odds in the conflict.

"Men are plenty; the means of keeping them in the field are not so easily found as men, yet we trust these means will not be wanting.

"The object of my visit to Richmond was to attend a Convention of all the Banks in the Confederate States, to see how they could aid the new Government with their credit in this emergency. It was agreed that all the Banks should receive on deposit, and in payment of debts, the Treasury notes which the Government are about to issue, say to the amount of 100,000,000 dollars, and to pay out those notes to their customers. This will give them universal currency throughout the Confederate States; and as our ports are blockaded, and we must, in consequence, do without foreign importations, we can use this Government credit among ourselves so long as the war lasts; and when the war is over, these notes will have to be funded into a permanent debt.

"The planters are everywhere subscribing the half of their entire crops to the Government loan, and it is proposed, though not yet determined upon, that the Government aid the planters to the extent of the whole crop, either by its bonds or by Treasury notes, the larger denominations of which are to bear an interest of over 7 per cent., which would induce many persons to hold them as an investment. To an English financier such a plan might seem very ruinous; but we have made up our minds that the Government must be supported in the war at all hazards and at any cost, and should these Treasury notes depreciate or become worthless, we had better suffer than return to such a Government as now rules at Washington.

"It is but fair to say that our opponents talk equally strong about their unalterable determination to restore the old Union to its original glory, even if in doing so they destroy the country. This is a curious paradox, but I have several letters now before me from Northern friends, asserting the absolute necessity of keeping the Union entire, even if the Southern States have to be overrun with fire and sword. Indeed, the tendency to brag and bluster is so strong that neither section can keep from it. My trip to Richmond carried me through the rich cotton region of South Carolina, and through the corn region of North Carolina and Virginia. Everywhere there is a promise of a most abundant yield.

"One more rain, say in a week from this time or a fortnight, and both crops are substantially made, though a favourable autumn for cotton-picking is essential for a large crop of that article. I have never in all my experience seen such favourable prospects for the planter as there now are; and if we can only get it to market we shall have the means of purchasing largely of foreign goods.

"Present my regards to Sir Augustus and Lady Clifford. I shall long remember the pleasant family dinner at their house.

"Yours, &c.

(Signed) "JAMES S. M. CARTER."

Another mercantile letter from Charleston, written by copying press so illegibly that only a portion of it could be deciphered, and the signature to which is but an inky "quirl," speaks just enough of British recognition of the rebels to stimulate curiosity and make us wish that the writer had been more communicative. Mr. Trescott's companion to Richmond seems to have been a Mr. Bulligny; but he may have been anybody whose name begins with "B" and ends with "y," "g," or "j." An interesting quality in this epistle is that it enables us to know the spirit of Mr. Russell's letter to the London "Times," descriptive of the Bull Run battle, and teaches us that this gentleman has the amiable habit of treating his rebel friends to private copies of the fun he makes of the running Yankees. But to the scrawl:—

"Mr. B. showed me confidentially Mr. Russell's letter about the battle; his letter beats all I have yet seen in print about the Yankees' running. He says we could have had Washington by merely asking.

"He says, Lord Lyons had an inclination to ask Mr. Seward 'if the Confederate States

of America had not the belligerent rights, according to his notion, he would certainly admit they had the belligerent power.' On oath of secrecy he communicated to me also that the first step of recognition was taken. He and Mr. Bulligny together sent Mr. Trescott to Richmond yesterday to ask Jeff. Davis, President, to accept the Treaty of Commerce, to accept the neutral flag carrying neutral goods. This is the first step of direct treating with our Government.

"If prepared for active business by 1st January, you may rely on all going right.

"Crops good and fine. There is more corn made than ever known. Cotton will be 4,000,000 bales, with what was left from last crop.

"Have no doubt that there will be soon direct opportunities with the South by steam. All our privateers do remarkably well, though some less good than others."

In a letter, dated Norfolk, July 11, from a very nice person evidently, named Annie K. Anderson, the destitution of that swamp city of rebellion in all the elements of a civilized diet is thus touchingly set forth:—

"All your Norfolk friends and relations are well, but every one has a poor look, and discusses nothing but economy. The blockade has caused everything to rise in value. I hear that there is not a barrel of white sugar in the place—and tea and coffee are things you must not expect to replenish when they give out, and if it were not for soft crabs and fish I don't know what we should do. There is such a demand for meat of every kind that it is almost beyond the reach of the poor."

"The schooner 'Henry Middleton' (a first-class vessel) is loading with spirits for Liverpool. She will take about 600 barrels. A number of persons are interested in the vessel and cargo, and we intend her to run the blockade and enter your port under the Confederate flag. The vessel and cargo go consigned to you. If she arrive safe we wish the proceeds of her cargo reinvested in such articles as are much wanted here, viz: [here follows a list of assorted tin-plates to amount of 460 boxes, and a large quantity of assorted sheet-iron, iron wire, rods, 1,200 lbs. of tin-metal, 3,000 lbs. of lead, and an assortment, of blacksmith's iron, and white thread.] Mr. Robert Muir, of this place, one the parties interested in the adventure, and by whom I send this, will confer with you and advise whether it will be better for the schooner to clear for a northern port, so that in case she is ordered off by the blockading fleet, she may proceed to New York or Philadelphia. Confer with Mr. Muir particularly on this point—and whether it will be necessary to put her under the British flag. * * * I am under the impression that this war will soon be brought to a close. Watch closely the movements of your Government toward this country. If it interferes we will soon have things put to rights again. Endeavour to have some goods to meet the raising of the blockade. Salt is worth to-day 4 dollars per sack. There is a large and fine crop of wheat made in this State and Georgia. A good business might be done in it if we only had an opportunity of shipping."

A letter from R. T. Walker of Charleston, dated August 6, and addressed to Charles Moore of Liverpool, will be found interesting to the officers of our blockading squadron, as well as to the readers of the "Tribune." Walker writes:

* * * * *

This same merchant, Walker, writes another letter to Moore, of Liverpool, under date of August 6th, in which he says:—

"There has been 600 barrels spirits turpentine sold this week, at 25 cents the gallon. It is intended for shipment to Liverpool direct from this port, notwithstanding our harbour is blockaded. There is some risk attending it, no doubt, but I think it will go safe. In case the vessel should be overhauled by the fleet, the captain has instructions to fire her. The parties making the shipment are determined that the d——d Yankees will derive no benefit from it. The stock of spirits in this place is about 1,200 barrels—none of it for sale under 30 cents. There will be very little fine resin received here this year in comparison with the last, many of the distillers having abandoned the business.

"I see the 'New York Tribune' makes out that there were only 380 United States' troops killed. There is no doubt whatever that 8,000 were left dead on the field of battle. The Northern papers contain more lies than lines. I am afraid we will have to whip them again before they recognize our independence. You may soon expect to hear of another fight!"

The cashier of the Bank of South Carolina, under date of July 7, inclosed to C. J. Hambro and Son, of London, with a heap of sterling drafts, a power of attorney from Robert M. Stokes, to receive from the executors of Henry Foyle the amount of a legacy left former under the will of the latter. The rebel Robert, anxious at the non-arrival of his devised 250L., will now learn from the "Tribune" the necessity of making out a new power of attorney. Justice has wiped her scales with the one he forwarded through cashier Waring.

J. and S. P. Ravenel, of Charleston, send to the thread-manufacturing Coates, of

Paisley, under date of July 10, their account current, and a draft for 717 dollars 16 cents, and they also send this positive statement :—

“Our port is now effectively blockaded, and as long as it continues to be so nothing can pass it.”

As a proof that this blockade was effectual, on the other half-sheet of this letter the Ravenels write, under date of August 7, to say :—

“We have none of your favours since the date of our last letter. We have had no opportunity until the present of forwarding the duplicates.”

A joint letter from Camden and Sullivan’s Island, dated July 24 and 28, and addressed to “Dear Willie,” by a mother and sister, and filled with affection and womanly feeling, communicates the fact that the European correspondence of the Charleston rebels is forwarded to Europe “through the courtesy of the British Consul.” The mother, in the business part of her letter, writes :—

“Money is hard to get, but provisions now are abundant. While the blockade lasts we will drink content, for there is no tea or coffee to be had in our stores, and very little for sale in Charleston.”

Edward N. Thurston, of Charleston, writes voluminously, and among other correspondents to C. K. Priolan, of Liverpool. His letter dated in August assures C. K. P. that “the late glorious victory over the Lincolnites, won by General Beauregard, has so completely changed the aspect of affairs that we hope soon to hear of the success of our Commissioners on your side of the ocean, and that when we next have the pleasure of seeing you here, you will find old Charleston a component part of a vigorous Southern Confederacy. Commodore Stringham’s blockading squadron off the bar continues an eyesore, but we live in hopes.”

Inclosure 2 in No. 7.

Extract from the “New York Herald” of August 22, 1861.

ENGLISH NEUTRALITY—STARTLING DEVELOPMENTS.—Among the papers said to have been found on the rebel emissary Muir, who was arrested just as he was taking his departure for England in the “Persia,” is the following :—

“Mr. B. showed me confidentially Mr. Russell’s letter about the battle. His letter beats all I have yet seen in print about the Yankees running. He says we could have had Washington by merely asking.

“He said Lord Lyons had an inclination to ask Mr. Seward ‘if the Confederate States of America had not the belligerent rights, according to his notion, could certainly admit they had the belligerent power.’ On oath of secrecy he told me also that the first step of recognition was taken. He and Mr. Boulton together sent Mr. Trescott to Richmond yesterday to ask Jeff. Davis, President, to accept the Treaty of Commerce, to accept the neutral flag carrying neutral goods. This is the first step of direct treating with our Government.

“If prepared for active business by 1st January, you may rely on all going right.

“Crops good and fine. There is more corn made than ever known. Cotton will be 4,000,000 bales, with what was left from last crop.

“Have no doubt that there will be soon direct opportunities with the South by steam. All our privateers do remarkably well, though some less good than others.”

The animus that dictated Russell’s letter describing the Bull Run fight is clearly accounted for by the above. His early letters from New York and the South led to the suspicion that he was sent out on a special mission to write up and aid Secession. We have now positive evidence of the fact. But of this more by-and-bye.

What we have immediately to deal with is the statement that Envoys were sent to Richmond on the part of, or with the connivance of, Lord Lyons, to ask the Rebel Government whether they would accept the provisions of the Treaty of Paris and enter into a Treaty of Commerce with England. We may observe, parenthetically, that the Confederate Congress have since accepted two of the clauses of the former Treaty, and rejected that about privateering. It will be said, perhaps, that we are assuming too much in connecting the English Minister with these proceedings. The comment made by the writer of the letter from which the statement is taken seems to leave no doubt upon the point. “This,” he says, “is the first step of direct treating with our Government.” There could be no direct treating except with the English Minister or his authorized agents.

Has the attention of the State Department been directed to this extraordinary document? If, as published, it has really been found among Muir’s papers, not a moment should be lost in calling on Lord Lyons for an explanation.

Earl Russell to Mr. Adams.

Foreign Office, September 9, 1861.

THE Undersigned, Her Majesty's Principal Secretary of State for Foreign Affairs, has received a communication from Mr. Adams, Envoy Extraordinary and Minister Plenipotentiary of the United States at this Court, dated the 3rd instant, giving some information regarding the conduct of Mr. Bunch, Her Majesty's Consul at Charleston in the United States, and requesting on the part of the Government of the United States that Mr. Bunch may at once be removed from his office.

The Undersigned will, without hesitation, state to Mr. Adams that, in pursuance of an agreement between the British and French Governments, Mr. Bunch was instructed to communicate to the persons exercising authority in the so-called Confederate States the desire of those Governments that the second, third, and fourth Articles of the Declaration of Paris should be observed by those States in the prosecution of the hostilities in which they were engaged. Mr. Adams will observe that the commerce of Great Britain and France is deeply interested in the maintenance of the Articles providing that the flag covers the goods, and that the goods of a neutral taken on board a belligerent ship are not liable to condemnation.

Mr. Bunch, therefore, in what he has done in this matter, has acted in obedience to the instructions of his Government, who accept the responsibility of his proceedings so far as they are known to the Foreign Department, and who cannot remove him from his office for having obeyed his instructions.

But when it is stated in a letter from some person not named, that the first step to the recognition of the Southern States by Great Britain has been taken, the Undersigned begs to decline all responsibility for such a statement.

Her Majesty's Government have already recognized the belligerent character of the Southern States, and they will continue to consider them as belligerents. But Her Majesty's Government have not recognized and are not prepared to recognize the so-called Confederate States as a separate and independent State.

The Undersigned, &c.

(Signed) RUSSELL.

Earl Russell to Mr. Adams.

Foreign Office, September 9, 1861.

Sir,

I RECEIVED with some surprise from Lord Lyons an intimation that a sealed bag, directed by one of Her Majesty's Consuls to Her Majesty's Secretary of State, had been seized and detained by order of the Secretary of State of the United States.

It seems to have been suspected that Her Majesty's Consul had inserted in this official bag, and covered with his official seal, the correspondence of the enemies of the Government of the United States now engaged in open hostilities against them.

Had Her Majesty's Consul so acted, he would, no doubt, have been guilty of a grave breach of his duty, both towards his own Government and that of the United States.

But I am happy to say there does not appear, on opening the bag at the Foreign Office, to be any ground for such a suspicion.

Her Majesty's Government were advised that the suspension of the conveyance by post of letters from British subjects between the Northern and the Southern States was a contravention of the Treaty on this subject contracted by the two Governments. Her Majesty's Government have been unwilling to press this view on the United States. But this stoppage of the post has occasioned great inconvenience to individuals; and I inclose a copy of a note from Mr. Bunch to the Under-Secretary of Foreign Affairs,* showing the mode in which he has endeavoured to palliate the evil by inclosing private letters in his Consular bag.

I shall address any further communication I may have to make on this subject to Lord Lyons.

I am, &c.

(Signed) RUSSELL.

Earl Cowley to Earl Russell.—(Received September 11.)

(Extract.)

Paris, September 10, 1861.

IN pursuance of your Lordship's instructions, I communicated this afternoon to M. Thouvenel your despatch of the 7th instant, relating to the request of the United States' Government for the removal of Mr. Consul Bunch from Charleston, in consequence of his having executed an instruction given to him by Her Majesty's Government in concert with the Government of France, together with such other documents as were necessary to enable his Excellency to comprehend the affair, and I asked him whether any similar request had been made of the French Government by Mr. Dayton.

His Excellency replied in the negative. I then said that I presumed that in the event of any such request being put forward, the French Government would follow the course pursued by Her Majesty's Government, and indicated in your Lordship's above-mentioned despatch. M. Thouvenel replied, that undoubtedly he could not give up an Agent who had done no more than execute the orders entrusted to him.

No. 11:

Earl Russell to Lord Lyons.

My Lord,

Foreign Office, September 14, 1861.

I TRANSMIT to you herewith copies of two notes received from Mr. Adams, together with copies of my replies.*

Since the date of Mr. Adams' notes, I have received from your Lordship your despatch of the 23rd ultimo, with an extract from the "New York Herald" of August 22, containing, no doubt from official sources, a more complete copy of the letter in question than that which is contained in the note of Mr. Adams.

The letter in the "New York Herald" begins with a notice by the writer, of Mr. Russell's letter in the "Times," which he says was shown to him "confidentially." He then proceeds to give an account of a supposed question of your Lordship, upon which your Lordship states that, to the best of your belief, you have had no communication with Mr. Bunch. He then proceeds to say, "On oath of secrecy, he communicated to me also that the first step of recognition was taken. He and M. Boulogny together sent Mr. Trescott to Richmond yesterday, to ask Jeff. Davis, President, to accept the Treaty of Commerce, to accept the neutral flag carrying neutral goods. This is the first step of direct treating with our Government."

It is quite clear, however, that the communication in question was not a first step to recognition; neither was there any proposal regarding a Treaty of Commerce.

Your Lordship, in your despatch, says: "The assertions attributed to Mr. B. are such as to show, that if the writer really had a conversation with Mr. Consul Bunch, he must either have misunderstood what was said, or intentionally misstated it.

"However this may be, it is clear that Mr. Robert Mure, in taking charge of the letters which have been seized, abused Mr. Bunch's confidence: for Mr. Bunch had positive instructions from me not to forward himself any letters alluding to military or political events, excepting letters to or from British officials. He had equally positive instructions from me that care should be taken that no person bearing a passport from a British Consulate stating him to be charged with despatches, should convey any letters not entrusted to him by the Consul himself."

These circumstances make it necessary to inquire into the conduct of Mr. Bunch. But until your Lordship has received from Mr. Bunch an explanation of his conduct, no step can be taken.

I have therefore only to instruct your Lordship to inform Mr. Bunch, as soon as you conveniently can, that the statements made in regard to his proceedings require explanation.

I am, &c.
(Signed) RUSSELL.

* Nos. 3, 4, 8, and 9.

No. 12.

Mr. Adams to Earl Russell.—(Received September 14.)

*Legation of the United States, London,
September 13, 1861.*

THE Undersigned, Envoy Extraordinary and Minister Plenipotentiary of the United States has the honour to acknowledge the reception this day of two notes from the Right Honourable Earl Russell, Her Majesty's Principal Secretary of State for Foreign Affairs, both dated the 9th of September, and both in reply to notes addressed to his Lordship by the Undersigned on the 3rd instant, touching the case of Mr. Bunch, Her Majesty's Consul at Charleston, and the mode of transmission of his despatches. The Undersigned has the honour to inform his Lordship that copies of these notes will be transmitted by the next steamer for the consideration of the Government of the United States.

The Undersigned, &c. (Signed) CHARLES FRANCIS ADAMS.

No. 13.

Earl Cowley to Earl Russell.—(Received September 18.)

(Extract.)

Paris, September 17, 1861.

NO observations whatever have been as yet made by Mr. Dayton to M. Thouvenel respecting the part taken by the French Consul at Charleston to obtain the assent of the so-called Confederate States to the last three Articles of the Declaration of Paris.

No. 14.

Lord Lyons to Earl Russell.—(Received October 12.)

My Lord,

Washington, September 27, 1861.

BY your Lordship's despatch of the 14th instant, I am directed to inform Mr. Consul Bunch, as soon as I conveniently can, that the statements concerning the proceedings made in the letters taken from Mr. Robert Mure require explanation.

I received by private hand, on the 22nd instant, a short note from Mr. Bunch, dated the 31st August, to the following effect:—

“Pray do not believe a word of the intercepted letter respecting my communication to the supposed writer. It is false, and the work of a spy. The letter itself is absolute nonsense, as you must have seen. I am anxious to hear from you.”

The letter to which Mr. Bunch refers is probably that which appears in the extract from the “New York Tribune” of the 21st of August, which was inclosed in my despatch to your Lordship of the 23rd of that month.

On the 19th instant I forwarded despatches, written on that day, to Charleston, by Her Majesty's ship “Steady.” Among them was one to Mr. Bunch, in which I made to him the same observations concerning his proceedings as those which your Lordship has done me the honour to quote from my despatch to you of the 23rd of August, already referred to.

I have consequently no doubt that Mr. Bunch will send ample explanations of his conduct by the first opportunity. I requested the Commander of the “Steady” to return to New York, if Mr. Bunch had despatches of importance to send, but otherwise to proceed to the South in execution of the orders of Rear-Admiral Sir Alexander Milne. Should the “Steady” not return to New York, I shall avail myself of the authority given me by the Admiral, and request that Her Majesty's ship “Rinaldo” may go to Charleston for Mr. Bunch's despatches.

I have, &c.
(Signed) LYONS.

Lord Lyons to Earl Russell.—(Received October 21.)

(Extract.)

Washington, October 8, 1861.

I HAVE the honour to inclose a copy of a despatch which I received last night from Mr. Consul Bunch, explanatory of his conduct with regard to the transmission of despatches by Mr. Robert Mure.

Inclosure in No. 15.

Consul Bunch to Lord Lyons.

My Lord,

Charleston, September 30, 1861.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of August 20, respecting the case of Mr. Robert Mure, and to reply to it as fully as possible.

It appears to me that the best way of so doing will be to take the various suspicions which have arisen in the matter, one by one.

First. I totally disbelieve the accusations against Mr. Mure, that he was the bearer of despatches from the *de facto* Government of Richmond to any one at all. He most positively and distinctly denied to me on two occasions, that he had anything whatever except letters from his mercantile friends, whom he could not refuse. It must be borne in mind that when Mr. Mure left Charleston, the "Adams' Express Company" was carrying correspondence openly, and with the consent of the United States' Government; and, also, that in carrying the letters he did, Mr. Mure violated no postal law whatever. By the law of the United States, an unpaid carrier may take any number of letters out of the country without any postage being prepaid, or paid at all, as far as the United States is concerned. Mr. Mure was surely not answerable for the contents of the letters he carried, and I could not consider him as being disqualified from being the bearer of a bag to Earl Russell, by his doing what every one who left Charleston was doing daily, and the Express Company openly.

So much for Mr. Mure; now for myself.

It is, I hope, needless for me to assure your Lordship that there was not one single paper in my bag which was not entirely and altogether on Her Majesty's service. Even some private letters which I was sending for English governesses, nursery-maids, and individuals of humble position (all of which came to me open), were put under cover to the Under-Secretary for Foreign Affairs, with a letter explaining what they were, and why I sent them, so that there was not a line which was not directed officially to Lord John Russell or the Under-Secretary. The bag was bulky, it is true; and why? It contained, besides despatches, four copies of four different kinds of official pamphlets issued at Richmond, and forwarded in pursuance of your Lordship's orders.

The "passport" was not intended as such. It was not one of my regular printed passports, but a certificate stating that Mr. Mure was charged by me with despatches. I was wrong, perhaps, in calling him a British merchant without adding that he was a naturalized citizen of the United States, but I thought that the absence of the words "British subject" would lead to that conclusion; besides which, I had on several occasions sent despatches by *bonâ fide* native-born American citizens, without objection.

As your Lordship knows, it was simply impossible to procure the counter-signature of the Secretary of State to the so-called passport.

Your Lordship is also aware that my despatches to the Foreign Office always go direct, and not through the Legation.

As to my having tried to avoid the possibility of my despatches falling into the hands of the United States' authorities, the very reverse is the fact, as in my letter of instructions to Mr. Mure, I distinctly told him to deliver them to any United States' officer of rank, if objection were made to his carrying them.

My messenger was a naturalized American citizen because I could get no one else of such undoubted position and respectability. But he was a Scotchman born, and a British subject in loyalty and feeling, although he had done what numbers do to enable them to hold property in this country. I disapprove totally of the step myself, but I know that it is taken by hundreds who would deeply resent the accusation that they had thereby intended to show disrespect to the Queen. As to Mr. Mure having been a Colonel in the forces of South Carolina, it is not the case. He was, some years ago, Captain of a Militia Company in Charleston, but he has taken no part whatever in the late troubles.

I feel deeply indebted to your Lordship for the opinions you have been pleased to express to Earl Russell respecting my conduct in this matter. The contents of my bag will have spoken for themselves before now; I am quite content to be judged by them. It is, at any rate, a satisfaction to me to feel that your Lordship was convinced, without any explanation from me, that I would not prostitute my official position by forwarding an improper or clandestine correspondence.

I have, &c.
(Signed) R. BUNCH.

No. 16.

Earl Russell to Lord Lyons.

My Lord,

Foreign Office, October 26, 1861.

I HAVE received your despatch of the 8th instant, inclosing a copy of a despatch from Mr. Bunch dated the 30th ultimo, explaining his proceedings in regard to the transmission of despatches and letters by Mr. Robert Mure, and I regret to have to state to your Lordship that Her Majesty's Government hold that explanation to be unsatisfactory.

It is to be observed, in the first place, that Mr. Bunch violated your Lordship's instruction to the Consuls not to entrust despatches to persons charged with the transmission of private correspondence.

But, in the next place, Mr. Bunch gives no distinct denial to the statement contained in a private letter published in the newspapers that he had confided to the writer the purport of the order he had received from Her Majesty's Government, and had represented it as a first step to the recognition of the so-called Confederate States.

Your Lordship is directed to require further explanation on these points from Mr. Bunch, and to send a ship of war to Charleston to communicate with Mr. Bunch, and bring his reply.

I am, &c.
(Signed) RUSSELL.

No. 17.

Lord Lyons to Earl Russell.—(Received November 10.)

(Extract.)

Washington, October 28, 1861.

I HAVE already had the honour to inform your Lordship, by telegraph, that Mr. Seward read to me the day before yesterday a despatch which he had prepared, directing Mr. Adams to announce to your Lordship that this Government had determined to revoke the exequatur of Mr. Consul Bunch.

The despatch appeared, when Mr. Seward read it to me, to be signed, and to be ready to be sent off. But Mr. Seward said that he was not in any hurry about it, and that he should, perhaps, not send it by the first packet. It may, therefore, not reach Mr. Adams until some days after the despatch which I am now writing is in your Lordship's hands.

Mr. Seward read it to me after a conversation which I had with him the day before yesterday at the State Department on other matters. It began by recapitulating at some length the communications between your Lordship and Mr. Adams. It quoted the declaration in your Lordship's note of the 9th September, that Her Majesty's Government recognized the Southern States as belligerents. With reference to that declaration it stated that the Government of the United States were aware that a Royal proclamation had been issued which Her Majesty's Government construed as a recognition of the belligerent rights of the rebels. But it asserted that the Government of the United States did not admit that anything had occurred which changed in the smallest degree the relations of the Southern States with foreign Powers. The Southern and the Northern States formed one Confederation; communications concerning the one, no less than those concerning the other, must be addressed to the Federal Government at Washington, and must be made by Diplomatic, not by Consular officers. To this position the Government of the United States would firmly adhere.

With regard to your Lordship's announcement that Her Majesty's Government accepted the responsibility of Mr. Bunch's proceedings so far as they were known to them,

the despatch stated, if I recollect right, that it was admitted that this announcement put an end, so far as Mr. Bunch was concerned, to all question respecting the proceedings to which it applied.

I did not find it easy to follow the line of argument next taken. The object seemed to be to assign reasons for withdrawing the exequatur, founded on parts of Mr. Bunch's conduct, distinct from the proceedings for which Her Majesty's Government had declared themselves responsible. For this purpose it seemed to be assumed that the assertions in an intercepted letter from a person not known, which are quoted in Mr. Adams' note to your Lordship of the 5th ultimo, were literally true. On this authority it appeared to be taken for granted that Mr. Bunch had said that the first step to recognition had been taken. It was argued that, as your Lordship had declined all responsibility for such a statement, Mr. Bunch must be held personally responsible for it.

An additional charge was, moreover, brought by the despatch against Mr. Bunch of having violated a law which was cited, and which forbids residents in the United States to engage with a foreign Government in any communication calculated to thwart the policy of the Federal Government.

Farther on Mr. Bunch was accused of having been, from the beginning, a partisan of the rebels, and of having shown, by various improper acts, hostility to the United States.

Lastly, I think the ground was taken that Mr. Bunch's exequatur was to be withdrawn because he was not acceptable to the United States, or because it was not agreeable to them that he should continue to discharge Consular functions in this country.

An opportunity was taken in the course of the despatch to express satisfaction with the arrangements which I had made for communicating with Her Majesty's Consulates in the Southern States by means of ships of war.

Not the smallest allusion, that I recollect, was made anywhere to the share taken by the late French Consul at Charleston, M. de Belligny, in the communications with the so-called Confederate Government.

It may seem superfluous to make any observations on the charges brought against Mr. Bunch. I cannot, however, help saying that never were serious charges brought upon a slighter foundation. The communications with the Southern Government were conducted by Mr. Bunch with very remarkable prudence and discretion. The accusation that he stated that the first step had been taken towards recognition I believe to be false. It rests, at all events, upon no better evidence than an assertion in an intercepted letter, the name of the writer of which does not appear to be known. No one who has read Mr. Bunch's despatches to your Lordship and to me can consider him as in the least degree a partisan of the Southern cause. Mr. Seward has, it is true, for some time had a notion, of which I have in vain endeavoured to disabuse him, that Mr. Bunch is hostile to the United States; but I could never find that the notion had any better foundation than frivolous representations made to this Government that Mr. Bunch was active in forwarding private letters. It is contradicted by the whole tenour of the large public and private correspondence which he has all along kept up with me. It has probably had its origin in Mr. Bunch's endeavours to convey information as frequently as possible to Her Majesty's Government and to this Legation.

When Mr. Seward had finished reading the despatch I remained silent. After a short pause I took leave of him courteously, and withdrew.

No. 18.

Mr. Adams to Earl Russell.—(Received November 14.)

*Legation of the United States, London,
November 14, 1861.*

My Lord,

IN obedience to instructions I now have the honour to submit to your Lordship's consideration the answer of the Government of the United States to the note addressed by your Lordship to me on the 9th of September last, in reply to a previous note of mine touching the diversion made from its original course, of the sealed bag of despatches of Mr. Robert Bunch, Her Majesty's Consul at Charleston, a copy of which was immediately forwarded by me for their information.

I am directed to say to your Lordship that the declarations made in that note with unquestioned candour and freedom touching the contents of that bag are entirely satisfactory upon the main point involved in the suggestion I had been instructed to make. It is, therefore, a pleasant duty imposed upon me to express the regret felt by my Government at the interruption of the passage of the Consular despatches which has occurred in

consequence of a mistaken suspicion that the Agent who transmitted them was abusing the confidence of the two Governments. It is hoped that no serious inconvenience resulted from the delay.

It would appear from the explanation made by Mr. Bunch in the letter, a copy of which was annexed to your Lordship's note, that by reason of the stoppage of the ordinary modes of conveyance by post, to the benefit of which British subjects are entitled by Treaty stipulations entered into between the two countries, creating great inconvenience to those of them residing in the Southern States, he was induced to remedy the evil by inclosing a number of private letters in his official bag. The nature of the correspondence he also explains in a manner perfectly satisfactory. So that the exceptionable nature of Mr. Bunch's proceedings is reduced to his substitution of his Consular bag and official seal for the mail-bag and mail-locks of the United States, and of his own mail-carrier for the mail-carrier of the United States.

Whatever might be the exception to be taken even to this course in ordinary times, my Government is not disposed to urge it under the circumstances which now attend the case. The fact of the interruption of the post, and also that it works literally a non-fulfilment of a Treaty stipulation, is admitted and deplored, not simply for that reason, but because of the public and private injuries that it occasions, as well abroad as at home. But it is believed that Her Majesty's Government is but too well apprized of the truth, that this interruption has occurred by no deliberate or voluntary act of its own, but through the sudden violence of an insurrection, which has not only obstructed the mails, but which even seeks to overthrow not only the Treaty in question, but even the Government itself, and the Union which constitutes the people a Treaty-making and Treaty-observing nation. Suppression of the correspondence between parties in that insurrection with each other in this country, and in foreign countries, is a measure essential to the suppression of the insurrection itself, and to a complete restoration of the Government throughout the Union. It is, then, confidently believed that the known magnanimity of Her Majesty's Government may be relied upon, not to complain at one and the same time of the breach of our international Postal Treaty under such circumstances, and of our resort to a measure which is indispensable to complete the ability to fulfil it.

It is proper for me to add to this exposition, which I have been instructed to submit, the remark that it has been delayed thus long only upon the supposition that Lord Lyons might, under the intimation contained in your Lordship's note, be charged with some further communication bearing upon the subject.

I pray, &c.
(Signed) CHARLES FRANCIS ADAMS.

No. 19.

Earl Russell to Mr. Adams.

Sir, *Foreign Office, November 15, 1861.*

I HAVE the honour to acknowledge the receipt of your note of the 14th instant which confirms the statements you made to me orally on Wednesday last.

I have only to add that, believing the cause of the stoppage of Mr. Bunch's bag to have been a *bonâ fide* suspicion on the part of the United States' Government that the bag might contain despatches from the so-styled Confederate States, I did not think it necessary to address Lord Lyons further on the subject.

With respect to your remarks on the subject of correspondence of British subjects in the Southern States, the inconveniences consequent upon the present state of things are so great that Her Majesty's Government are obliged seriously to consider whether means may not be found, compatible with the vigorous prosecution of the war, by which those inconveniences may be remedied, at least in part.

Her Majesty's Government are, accordingly, occupied in devising measures which, when matured, may afford some hope of redress for the injuries sustained by British subjects in consequence of the present state of things. The measures to be proposed will be communicated, as soon as they are matured, to the Secretary of State of the United States by Lord Lyons.

I am, &c.
(Signed) RUSSELL.

Mr. Adams to Earl Russell.—(Received November 23.)

*Legation of the United States, London,
November 21, 1861.*

THE Undersigned, Envoy Extraordinary and Minister Plenipotentiary of the United States, has the honour to inform the Right Honourable Earl Russell, Her Majesty's Principal Secretary of State for Foreign Affairs, that he has now just received the answer of his Government to the note addressed by his Lordship to the Undersigned on the 9th of September last, touching certain representations made by him under instructions from his Government of the conduct of Mr. Robert Bunch, Her Majesty's Consul at Charleston, and he now proceeds to submit the substance of the same to his Lordship's consideration.

And first, it is a source of satisfaction to the Undersigned to be able to say that the President finds that that part of Mr. Bunch's proceedings which was most calculated to offend the United States, and to which exception was more especially taken, has no support in the communication of his Lordship to which it is now proposed to reply. If it be true that Mr. Bunch made any assurances, direct or implied, to the insurgents in the United States, of a disposition on the part of Her Majesty's Government to recognize them as a State, it is now clear that he acted utterly without authority. Whatever is the responsibility which may be supposed to attach to Mr. Bunch for such an act, there is no disposition left to assign the smallest share of it to the source to which he is indebted for his official position.

But though there is great cause for gratification in this view of his Lordship's note, the Undersigned is constrained to admit that in another the President has received it with somewhat less of satisfaction. It would appear that Her Majesty's Government has avowed that Mr. Bunch did act under instructions, so far as his conduct was known to the Foreign Department, and that that action went to the extent of communicating to the persons exercising authority in the so-called Confederate States the desire of Her Majesty's Government that the 2nd, 3rd, and 4th Articles of the Declaration of Paris should be observed by those States in the prosecution of the hostilities in which they were engaged.

The Undersigned regrets to be obliged to submit to his Lordship's consideration the fact that Mr. Bunch received from the Government of the United States a recognition exclusively confined to the performance of Consular duties, and that in proceeding to execute others which very nearly approach, if they do not absolutely belong to, those of Diplomatic Agents only, he seems to them to have transcended the just limits of any authority which they had ever consented to vest in him.

Well aware of the great difficulties necessarily in the way of an intimate acquaintance with the laws of a foreign State, the Undersigned will not pretend to claim of Her Majesty's Government that it should be familiar with those of the United States; but it becomes his duty to point out the fact that Mr. Bunch, in accepting the post which he did under Her Majesty's authority, voluntarily made himself amenable, at least during the period of his residence, to the authority of those laws. When, therefore, he received a direction from the Foreign Department to do an act which was not known by it to be a violation of one of these laws, but which he was bound to know to be such, his duty clearly should have been, instead of proceeding at once in contravention of the law, to apprise his Government of the position he was placed in, and to await their decision after a full consideration of the question involved. The Statute to which allusion is made forbids under a heavy penalty any person not specially appointed, or duly authorized or recognized by the President, whether citizen or denizen, privileged or unprivileged, from counselling, advising, aiding, or assisting in any political correspondence with the Government of any foreign State whatever, with an intent to influence the measures of any foreign Government, or of any officer or agent thereof, in relation to any disputes or controversies with the United States, or to defeat the measures of their Government.

Neither is the Undersigned so fortunate as to see in this proceeding of Mr. Bunch, thus shown to be on his part a wanton violation of the law of the United States, a sufficient justification or excuse in the consideration that Great Britain is deeply interested in the maintenance of the Articles which provide that the flag covers the goods, and that the goods of a neutral taken on board a belligerent ship are not liable to confiscation. It is enough to say on this subject that in the view of nearly all civilized nations, the proper Agents to make known such wishes are the Diplomatic, not the Consular, Agents of a Government, and that the only authority in the United States to which any diplomatic communication whatever can be made, is the Government of the United States itself.

The Undersigned is too confident of the soundness of the principles which have ever actuated the Government of Great Britain in all its relations with foreign countries, not to affirm that it would never give countenance for a single moment to the application of any other doctrine than this to the management of its own affairs.

Least of all will the Undersigned be permitted to admit that communication by Mr. Bunch, while exercising Consular privileges granted to him with the consent of the United States, with insurgents endeavouring to overthrow the Government, can be justified by the declaration of Her Majesty's Ministers that they have already recognized the belligerent character of those insurgents, and will continue so to consider them. It is, indeed, true that Her Majesty's Proclamation has been issued for the regulation of all her own subjects, and that it has been interpreted by her Government as recognizing the insurgents as a belligerent; but it is equally true that the Government of the United States declines to accept any such interpretation as modifying in the least degree its own rights and powers, or the obligations of all friendly nations towards it.

Still adhering to this position, the Undersigned is instructed to announce, as the result of the most calm and impartial deliberation upon the question thus submitted for its decision, the necessity which his Government feels itself under to revoke the exequatur of Mr. Bunch. Neither has this step been taken without the pressure of a strong conviction that, independently of the facts already alleged, his personal conduct, even down to the time this correspondence has been going on, as well as before it commenced, has been that, not of a friend to the Government nor even of a neutral, but of a partizan of faction and disunion.

In conclusion, it is with much pleasure that the Undersigned has it in his power to convey to Earl Russell the sense entertained by the President of the action of Her Majesty's Representative at Washington. It is felt to be due to him, as well as to his Government, to say that in all his proceedings he has carefully respected the sovereignty and the rights of the United States, and that the arrangements which have been made by him, with the entire approval of the Government, for establishing a communication between his Government and its Consuls through the national vessels of Great Britain, entering blockaded ports without carrying passengers or private letters, bid fair to preclude all necessity for a recurrence of such proceedings as those which have necessitated this painful correspondence.

Having thus performed the duty imposed upon him of announcing that the exequatur of Mr. Bunch has been withdrawn, because his services are no longer agreeable to the Government of the United States, the Undersigned is further instructed to say that the Consular privileges thus taken from him will be cheerfully allowed to any successor whom Her Majesty may be pleased to appoint, against whom no grave personal objections are known to exist.

The Undersigned, &c.

(Signed)

CHARLES FRANCIS ADAMS.

No. 21.

Earl Russell to Mr. Adams.

Foreign Office, November 26, 1861.*

THE Undersigned, Her Majesty's Principal Secretary of State for Foreign Affairs, has received with much concern the note which Mr. Adams, Envoy Extraordinary and Minister Plenipotentiary of the United States at this Court, addressed to him on the 21st instant, in which he announces, as the result of what Mr. Adams states to have been the calm and impartial deliberation by the United States' Government upon the question submitted for its decision, the necessity which that Government feels itself under to revoke the exequatur of Mr. Robert Bunch, Her Majesty's Consul at Charleston.

In discussing this matter, the Undersigned will put aside the allegations of the unknown letter-writer concerning Mr. Bunch's supposed conversation, referred to in a former communication of Mr. Adams; for it may now be affirmed that those allegations, unsupported as they are by any proof, were entirely unfounded.

Neither will the Undersigned take any notice of the charge made against Mr. Bunch, that his conduct has been that of a partizan of faction and disunion, because that charge is equally unsupported by any proof whatever, and is equally unfounded.

The withdrawal of Mr. Bunch's exequatur does not, however, appear to rest upon these unfounded allegations nor on these groundless charges. It is said to rest upon a law of the United States, of which it is said Her Majesty's Government might personally have been ignorant, but which Mr. Bunch was bound to have brought to their notice.

This law, as Mr. Adams affirms, "forbids, under a heavy penalty, any person not specially appointed or duly authorized or recognized by the President, whether citizen or denizen, privileged or unprivileged, from counselling, advising, aiding, or assisting in any political correspondence with the Government of any foreign State whatever, with an intent to influence the measures of any foreign Government, or of any officer or agent thereof in relation to any disputes or controversies with the United States, or to defeat the measures of their Government."

Taking Mr. Adams' description of this statute as full and accurate, the Undersigned has to remark that the statute seems to have been enacted for the purpose of preventing citizens or denizens of the United States from aiding or counselling foreign Governments with regard to their disputes with the United States.

If this be so, Mr. Bunch having no mission or instruction to aid or counsel a foreign State at enmity with the United States, and not having done so, could have no reason to suppose that a statute made *alio intuitu* could be so construed as to apply to his execution of the instructions he had received from Her Majesty's Government, and therefore there could be no reason why he should have brought to the notice of Her Majesty's Government an United States' statute which had no bearing whatever upon anything which he was instructed to do.

The Undersigned has further to remark that the United States' Government, by their quotation of the statute in question as the foundation on which they rest their complaint against Mr. Bunch, seem distinctly to admit that the Government of the Confederate States at Richmond is, as regards the United States, the Government of a foreign State—an admission which goes further than any acknowledgment with regard to those States which Her Majesty's Government have hitherto made. But if the Confederate States are, as Mr. Adams' note implies, as regards the United States a foreign State, then the President of the United States has no competence one way or the other with respect to the functions of the Consuls of other Governments in that foreign State, and the exequaturs of such Consuls can be granted or withdrawn only by the Government of such foreign State. For the Confederate States cannot be at one and the same time "a foreign State" and part of the territory of the United States.

But there is a further question raised by the United States' Government, which is of deep and urgent importance. Mr. Adams is instructed to say that any communication to be addressed to the Government of the so-called Confederate States respecting the goods of a belligerent on board neutral ships, or the goods of a neutral on board belligerent ships, should have been made by Diplomatic and not by Consular Agents, and that the "only authority in the United States to which any Diplomatic communication whatever can be made is the Government of the United States itself." Mr. Adams must be aware that this assertion raises grave questions both of fact and of law.

In the first place, when Her Majesty's Government are gravely told that an application to the Confederate Government for redress ought to be made through the President of the United States, they might well ask whether such a position is seriously laid down, and whether the President of the United States can affirm that, in the present condition of things, he has the power to give effect to any such application which might be made to him. For instance, a British subject at New Orleans or Galveston might be carried away by force to serve with the Confederate troops: could the President of the United States set him free? Might he not be killed in battle by a ball or a bullet from the United States' army as the only release he could obtain from President Lincoln from his compulsory service? Again, the private debts due to a British subject in Louisiana or Arkansas might be confiscated and paid into the Public Treasury of the State by a law or decree of the so-styled Confederate Congress; could the President or Secretary of State of the United States obtain the recovery of these sums? or could he secure immunity from confiscation for the landed property of British subjects in the eleven Confederate States?

If the President of the United States cannot do this, the course of proceeding suggested by Mr. Adams would be altogether illusory.

But next, as to a question of international law, Her Majesty's Government hold it to be an undoubted principle of international law, that when the persons or property of the subjects or citizens of a State are injured by a *de facto* Government, the State so aggrieved has a right to claim from the *de facto* Government redress and reparation; and also that, in cases of apprehended loss or injury to their subjects, States may lawfully enter into communication with *de facto* Governments to provide for the temporary security of the persons and property of their subjects.

Acting upon this last-mentioned principle, Her Majesty's Government entered into concert with the Government of the Emperor of the French in regard to certain Articles of the Declaration of Paris. The result was an instruction, which was to be carried into

effect by the British and French Consuls at Charleston, and they both executed their commission unostentatiously, but effectively. It may be necessary in future, for the protection of the interests of Her Majesty's subjects in the vast extent of country which resists the authority of the United States, to have further communication, both with the Central Authority at Richmond, and with the Governors of the separate States; and in such cases such communications will continue to be made, but such communications will not imply any acknowledgment of the Confederates as an independent State.

The Undersigned has read with sincere pleasure the testimony voluntarily borne by the President of the United States to the care with which Lord Lyons has respected the sovereignty and the rights of the United States; and the Undersigned feels it right to say that, in very difficult circumstances, the conduct of Mr. Adams, while upholding the authority and interests of his own Government, has been such as to acquire the esteem and respect of the Government of Her Majesty and of the British nation.

The Undersigned, &c.

.(Signed)

RUSSELL.

No. 22.

Lord Lyons to Earl Russell.—(Received November 30.)

(Extract.)

Washington, November 14, 1861.

I HAVE the honour to transmit to your Lordship a copy of a despatch which I have received to-day from Mr. Consul Bunch, and which contains further explanations concerning his conduct with regard to the letters carried by Mr. Robert Mure.

This despatch touches upon the two points respecting which I am directed by your Lordship's despatch of the 26th ultimo to call for additional explanations from Mr. Bunch. I shall not, however, omit to communicate to him your Lordship's orders as soon as I am able to send a ship of war to Charleston.

Inclosure in No. 22.

Consul Bunch to Lord Lyons.

My Lord,

Charleston, October 31, 1861.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 23rd instant, together with its inclosure, this latter being a despatch from Earl Russell, dated September 14, to your Lordship, calling for explanations of my conduct with regard to the private letters seized upon Mr. Robert Mure.

Your Lordship is so good as to inform me that you have already forwarded to Lord Russell a copy of my despatch to your Lordship of September 30, in which I explained, as fully as might be, my proceedings in this unfortunate affair. I do not, therefore, propose to trouble your Lordship with many additional remarks, but I will venture to sum up as briefly as I can the principles which actuated me in the course which I pursued.

When Mr. Mure had determined, early in August, to make his customary voyage to Great Britain, he called on me and offered his services to carry anything that I might have for the Foreign Office. At that time there was no interruption of communication between the Northern and the Southern States. The mail, it is true, had lately been discontinued, but Adams' Express and private individuals were carrying letters without impediment from the Government of the United States.

In reply to Mr. Mure, I remarked that I would be much obliged if he would take charge of a bag for me, as I had no particular faith in the Express; the expense also would have been a very heavy one. I told Mr. Mure that he must take nothing whatever that could in any way compromise him, such as despatches from the *de facto* Government of Richmond, orders for munitions of war, and the like. He assured me most positively that he would not, but added that he had a few letters from his brother merchants which he could not refuse to carry, and which he felt assured contained nothing to which objection could be taken. As Mr. Mure was not a paid messenger of mine, but only a gentleman who was conferring a favour upon me, I did not consider that your Lordship's circular applied to his case. No private letters went under my seal, and I could not possibly suppose that the authorities of the United States would disapprove of his doing what every one else who left for the North was doing daily. I took your Lordship's circular of June 20 to apply to messengers, *bond fide* such, and not to ordinary travellers. It is true that I gave Mr. Mure a document somewhat resembling a passport, for greater security.

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My despatches were of importance; and as I had given the same style of document, omitting the words "British merchant," to several other so-called messengers, some of them American-born, without objection, I could not anticipate the unfortunate issue. If I have erred, it has been from excess of precaution and anxiety for the safety of my despatches, and the event has proved that no improper document was found in my bag.

I have only to add, that the supposed letter respecting my communications to the anonymous writer is a tissue of falsehoods. I never told anybody that I had been "engaged on a Treaty of Commerce," "that the first step towards recognition was taken," or any such absurdities. It is surely the business of the Government of the United States to produce the letter, with the name of its writer. Until this is done, I denounce the statements as calumnies to which I cannot reply. Besides which, I can scarcely be held responsible for the remarks in a private letter which bears inconsistency and absurdity on its very face, as a very brief examination would show.

I have to beg your Lordship to furnish Earl Russell with a copy of these remarks. They are less perfect than I could have wished, but the time allowed by the vessels of war for replies is very short; and I am, moreover, suffering acute pain which almost incapacitates me from thought.

I have, &c.
(Signed) R. BUNCH

No. 23.

Mr. Adams to Earl Russell.—(Received November 30.)

*Legation of the United States, London.
November 29, 1861.*

THE Undersigned, Envoy Extraordinary and Minister Plenipotentiary of the United States, has the honour to acknowledge the reception of a note from the Right Honourable Earl Russell, Her Majesty's Principal Secretary of State for Foreign Affairs, dated the 26th instant, in answer to a previous one of his own dated the 21st instant, announcing the decision of the Government of the United States to withdraw the exequatur of Mr. Bunch, Her Majesty's Consul at Charleston in South Carolina. The Undersigned will do himself the honour to transmit his Lordship's note for the information of his Government by the first opportunity.

The Undersigned, disclaiming any desire to continue discussion upon a painful topic one moment longer than a necessity for it shall continue to exist, yet feels as if he could not, in justice to himself, as well as to his own Government, omit this opportunity to explain some passages of his former note, which appear to him to have been in a degree misunderstood by Earl Russell. He confesses himself at a loss to comprehend in what manner he should have been so unfortunate in his use of language as to give ground for his Lordship's statement "that the United States' Government, by their quotation of the Statute to which reference has been made, as the foundation on which they rest their complaint against Mr. Bunch, seem deliberately to admit that the Government of the Confederate States at Richmond is, as regards the United States, the Government of a foreign State, an admission which goes farther than any acknowledgment with regard to those States which Her Majesty's Government have heretofore made." If the Undersigned have given just cause for any construction of the action of his Government approximating to that indicated in the preceding extract from his Lordship's note, then has he indeed committed, in his estimation, a most grave mistake. But on a careful re-examination of his note of the 21st, the Undersigned must be permitted to say that he has found some difficulty in perceiving anything that appears to him to be ambiguity in his meaning. He discovers only one Government of a foreign State alluded to, and that is obviously Her Majesty's Government. The other party, in his own mind, were the rebellious insurgents in arms against the authority of the United States, which he was very far from characterizing in the manner indicated by his Lordship. The purpose of the law seems to the Undersigned to have been severely to punish all persons, whether native or foreign, citizen or privileged, who knowingly made themselves instruments of foreign States to foment factions and disturbances within the United States. It appears to have been enacted during the troubled period of the French Revolution, when interference with the domestic affairs of neighbouring nations was an avowed principle of action, and was therefore boldly acted upon, even by the recognized agents of the French authorities. The Undersigned, therefore, in applying the principle of the law in a mitigated form to Mr. Bunch and his alleged intermixture with the disputes and controversies going on

within the United States, surely cannot have made so great a mistake as to have assumed that he was dealing with "the Government of a foreign State." He has considered Mr. Bunch as an officer of Her Majesty's Government, formally recognized by the Government of the United States for certain purposes of commerce, who has been engaged in political correspondence, as well with his own Government as with rebellious insurgents in the United States, for purposes foreign from those which were assigned at the time he received his authority, and for that reason that he has knowingly violated the law. At the same time the Undersigned took great care in expressing his firm belief that Her Majesty's Government, in directing their Agent in the manner indicated, could not have been aware of the nature and character of that law; a belief which he is happy to find by his Lordship's present mode of considering it, to have been well founded.

But much as the Undersigned found of difficulty in regard to the misconception he has been so unfortunate as to originate in his Lordship's mind of his view of a law of his own country, he has been still more embarrassed to learn the fact that in his statement of what appeared to his mind true in its application to all Governments, and undeniable in respect to the Government of the United States, he has not enjoyed the satisfaction of his Lordship's concurrence in opinion. This statement was, that "the only authority in the United States to which any Diplomatic communication whatever can be made is the Government of the United States." If the Undersigned had been led in any way to vary this proposition, he would have deemed himself to have gone much farther in the road to recognition of "the Government of a foreign State" within the United States than he did in that mistakenly attributed to him by his Lordship. Surely it could not have been his Lordship's intention to present the proposition that the same Diplomatic Agent of a foreign Power can be accredited to the Government of a country, and to the self-constituted authorities of a portion of the people who are waging war to overthrow it. Applying this argument to the question of Mr. Bunch, his case resolves itself into this: that holding his authority to act in an official relation as an officer of a foreign Government from the recognition of the authorities of the United States, they are expected to acknowledge his right, whilst acting in this capacity, at the same time to treat with any of their own citizens who defy their authority, whenever it may be deemed advisable by that Government. Surely such a proposition, if accepted, would seem to undermine the foundations of sound international relationship all over the world. Surely no Government entertaining a proper degree of self-respect would consent for a moment to receive any Representative of a foreign nation if his first act might be to attempt to undermine the authority to which he had been accredited by recognizing for any purpose the validity of a domestic antagonism within its limits.

The Undersigned is not insensible to the force of his Lordship's argument in regard to the necessity imposed upon it of protecting the interests of British subjects in those regions where the authority of the United States is suspended, as well as to the difficulty of calling upon the Government of the United States to make good the damage that might ensue from the acts of persons now in armed resistance. Doubtless it must have been under considerations like these that Her Majesty's Government was induced to release that of the United States from responsibility for such reclamations by adopting the policy of granting to the insurgents the rights of a belligerent. Without entering into the wide field of discussion presented by the arguments of his Lordship, the Undersigned contents himself with the remark that, whatever may be the course of action Her Majesty's Government deem proper to lay down for itself in regulating its relations with the insurgent forces in the United States, it will scarcely be disposed to require of the Government of the United States that it should recognize the agents through whom they may be carried on. The objection to Mr. Bunch's action is, that whilst he has been enjoying, as Consul of Her Majesty in the United States, the advantages of a solemn recognition of the United States, he has been engaged in official proceedings in violation of the law, as well as outside of any authority with which they ever consented that he should be vested.

That the latter part of this statement is the fact would scarcely seem to admit of the possibility of a doubt. But inasmuch as the Undersigned is not altogether sure that he has placed the matter so fully before his Lordship as his duty to his country seems to him to require, he trusts he may be permitted to enlarge upon it a little farther. The position of Mr. Bunch in regard to the United States had been exclusively that of a Consul of a foreign nation at a commercial port. That such a position does not of itself involve the right of Diplomatic negotiation with the recognising Government, much less with any subordinate authority, is too well established law to need further elucidation.

The only question that remains for consideration is, then, whether the authority actually vested in Mr. Bunch by Her Majesty's Government to enter into communication

with the insurgents in the United States touching certain articles of the Declaration of Paris to which their acquiescence was to be obtained, was of a Diplomatic or purely of a Consular nature. The proper answer to this is to be found in an appeal to the mode in which, from its very commencement, the Declaration of Paris has been permitted to take its shape. In its origin it was the result of a Conference of the accredited Envoys of the Great Powers; and in all the later steps taken to secure the acquiescence of different nations, including the United States, the agency used has been that of the customary Diplomatic Representatives. It, therefore, admits of no doubt in the mind of the Undersigned that the Declaration of Paris is a pure Diplomatic act, and that all negotiations since carried on to extend its authority, including that which the Undersigned himself had the honour to carry on with his Lordship for a time, bear the same exclusive character. It is, therefore, plain to the mind of the Undersigned that the Government of the United States in objecting to the assumption, by an officer of a foreign Government recognized by it only as vested with the authority of a Consul, of Diplomatic authority to treat within the limits of the United States, and without its knowledge or consent, with persons acting in armed resistance to it, has justification fully sufficient to sustain its decision to withdraw the formal act of recognition of such officer. To suppose it capable of a different course would seem to be to condemn it as unworthy of the character for honour and independence to which it has ever endeavoured to aspire.

In conclusion, the Undersigned desires to express his personal obligations to Earl Russell for the friendly notice he has been pleased to take of his labours in the arduous and difficult mission with which he has been charged. It gives him great pleasure to be able on his part to testify to the uniform courtesy and goodwill with which he has been treated in all his relations with Her Majesty's Government.

The Undersigned, &c.

(Signed)

CHARLES FRANCIS ADAMS.

No. 24.

Earl Russell to Mr. Adams.

Foreign Office, December 4, 1861.

THE Undersigned, &c., has had the honour to receive a note from Mr. Adams of the 29th ultimo, upon the contents of which some explanation is due to Mr. Adams. Very pressing business has alone delayed this explanation.

Mr. Adams states that his meaning has been quite misunderstood; "but," Mr. Adams goes on to say, "on a careful re-examination of his note of the 21st, the Undersigned must be permitted to say that he has found some difficulty in perceiving anything that appears to him to be ambiguity in his meaning. He discovers only one Government of a foreign State alluded to, and that is obviously Her Majesty's Government. The other party, in his own mind, were the rebellious insurgents in arms against the authority of the United States, which he was very far from characterizing in the manner indicated by his Lordship. The purpose of the law seems to the Undersigned to have been severely to punish all persons whether native or foreign, citizen or privileged, who knowingly made themselves instruments of foreign States to foment factions and disturbances within the United States. It appears to have been enacted during the troubled period of the French Revolution, when interference with the domestic affairs of neighbouring nations was an avowed principle of action, and was therefore boldly acted upon, even by the recognized Agents of the French authorities."

The Undersigned must be permitted to say that, with this explanation, the law in question appears to him still less applicable to the case of Mr. Bunch than it did before. The description of that law is given by Mr. Adams in his former letter in the following words:—

"The statute to which allusion is made forbids, under a heavy penalty, any person not specially appointed, or duly authorized or recognized by the President, whether citizen or denizen, privileged or unprivileged, from counselling, advising, aiding, or assisting in any political correspondence with the Government of any foreign State whatever, with an intent to influence the measures of any foreign Government, or of any officer or agent thereof, in relation to any disputes or controversies with the United States, or to defeat the measures of their Government."

It now appears that the "foreign Government" alluded to is the British Government, and the offence with which Mr. Bunch is charged is that he advised, aided, or assisted the British Government, with an intent to influence the measures of the British Government "in relation to any disputes or controversies with the United States, or to defeat the measures of their Government."

Now upon such a charge Mr. Bunch must be at once acquitted. He has not advised or assisted the British Government "in relation to any disputes or controversies with the United States, or to defeat the measures of their Government."

Mr. Bunch has assisted the foreign Government by which he is employed to obtain from a *de facto* authority proper and requisite protection for British ships, and for British merchandize embarked in ships of the United States.

It is only necessary to make this statement in order to show that the spirit of the statute quoted is still more inapplicable to the conduct of Mr. Bunch than its words and its letter.

The purport and spirit of that statute, enacted during the troubled period of the French Revolution, was to afford the means of checking interference with the domestic affairs of the United States.

Her Majesty's Government, who are, it appears, the foreign Government referred to, have never interfered with the domestic affairs of the United States, and they have never instructed or authorized any Diplomatic or Consular Agent of Her Majesty to interfere with these domestic affairs.

But, while Her Majesty's Government explicitly disclaim all such interference, they as explicitly in the right of protecting the lives and properties of British subjects wherever and by whomsoever their lives and properties may be threatened, or attacked, or injured.

In order to do so with effect, it is sometimes necessary to communicate with the *de facto* authorities of a port or province, or a State. To give a recent instance, in the course of last year Sicily was occupied by the troops of the King of the Two Sicilies, by the volunteer forces of Garibaldi, and by the army of the King of Italy. During these transactions the property of the Queen's subjects at Marsala was thought to be in danger. Her Majesty's Government did not stop to inquire whether Garibaldi was the lawful Dictator of Sicily, or whether the insurgent Sicilians were rebels against the legitimate sovereignty of Francis the Second. They interposed at once by remonstrance and by the presence of Her Majesty's ships against the threatened or presumed violence. This is a right which belongs to every State, and Her Majesty's Government will exercise it on behalf of Her Majesty's subjects whenever they see occasion to do so, but they will at the same time abstain from any interference in the domestic troubles of friendly States.

The Undersigned, &c.

(Signed) RUSSELL.

No. 25.

Mr. Adams to Earl Russell.—(Received December 7.)

*Legation of the United States, London.
December 6, 1861.*

THE Undersigned, Envoy Extraordinary and Minister Plenipotentiary of the United States, has the honour to acknowledge the reception of the note of the Right Honourable Earl Russell, Her Majesty's Principal Secretary of State for Foreign Affairs of the 4th instant, in answer to his own of the 29th ultimo, touching the case of Mr. Bunch, Her Majesty's Consul at Charleston. The Undersigned has read the additional exposition made by his Lordship of the bearing of the law of the United States which has been under consideration on the question at issue, with the deepest attention, and he has applied himself to a careful re-examination of all the provisions of the law itself, with an anxious desire to see it in a light which may acquit Mr. Bunch. But it is with great regret that he is again forced to the conclusion that, in consenting to assist Her Majesty's Government in carrying on a negotiation which, however little intended by that Government, he could not in his situation fail to know would have an unfavourable effect upon the measures of the Government of the United States in the disputes and controversies in which it was involved, he clearly brought himself within the scope of the statute. And in further consenting, whilst holding a purely Consular trust under the recognition of the Government of the United States, to accept a labour of diplomatic negotiation with persons in open resistance to the regularly constituted authorities of the nation, without first apprizing the Government of Her Majesty of the existence of a prohibition like that now in question, which certainly throws a shade of doubt upon the propriety of such a course, he has wilfully assumed a responsibility for which the Government must hold him exclusively accountable, at least so far as to withdraw the authority under which he has heretofore acted as a public officer with their approbation.

The Undersigned takes great pleasure in noting the assurances given in his note by

Earl Russell, that Her Majesty's Government have no disposition to interfere with the domestic affairs of the United States. He has himself at no time entertained a suspicion that it was otherwise. Neither was it ever in his contemplation to venture to present any proposition for the regulation of Her Majesty's Government in the difficult circumstances in which he is ready to admit they have been placed. Neither does he propose to question the right of that Government to take measures for the protection "of the lives and the properties of Her Majesty's subjects, whenever they may be threatened, or attacked, or injured." He certainly would not deny to any other responsible nation the same extent of power, in that contingency, which he should ever be ready to claim for his own. So far as the Undersigned is able to understand the present question, however, it does not appear in any way to involve a consideration of that subject. One of the grounds of dissatisfaction with the conduct of Mr. Bunch is, that whilst holding Her Majesty's Commission as Consul under the recognition of the Government of the United States, he has, at the same time, been employed in a Diplomatic negotiation with persons in armed resistance to their authority. In this, it would appear, that he has been acting under instructions from Her Majesty's Government. It is certainly competent to that Government to assume such a responsibility if it think proper. But the Undersigned must be permitted to remark that a corresponding responsibility appears to him thereby to devolve upon the Government which he has the honour to represent; and that is not, by continuing its own recognition to the officer selected as the Agent to conduct these extraordinary negotiations with persons in arms against itself after the facts have been brought to its knowledge, to give rise to an implication of a doubt of its own rightful authority.

For these reasons, as well as for the others heretofore given in the course of this, to the Undersigned, very painful correspondence, it becomes his duty to announce that the exequatur formerly granted by his Government to Mr. Robert Bunch has been withdrawn.

The Undersigned, &c.

(Signed)

CHARLES FRANCIS ADAMS.

No. 26.

Earl Russell to Mr. Adams.

Foreign Office, December 9, 1861.

THE Undersigned, &c., has had the honour to receive the note of Mr. Adams, &c., of the 6th instant, in answer to his note of the 4th.

Mr. Bunch has certainly, in pursuance of the orders of Her Majesty's Government, placed himself in communication with persons in arms against the United States' Government. The Undersigned has already explained the reasons for which such orders were given, and he regrets to find that the conduct of Mr. Bunch, which the Undersigned considers not only legitimate but praiseworthy, has appeared blameable to Mr. Adams and to the Government of the United States. But the Undersigned does not perceive that any advantage would be obtained by the continuance of this correspondence.

The Undersigned, &c.

(Signed)

RUSSELL.

No. 27.

Lord Lyons to Earl Russell.—(Received December 25.)

Washington, December 6, 1861.

(Extract.)

I HAVE the honour to transmit to your Lordship a copy of the papers relating to foreign affairs which were laid before Congress with the President's Message.

At page 126 appears a despatch to Mr. Adams identical with, or very closely resembling, that announcing the revocation of Mr. Consul Bunch's exequatur, which was read to me by Mr. Seward on the 26th of October last. I communicated as much of it as I could recollect to your Lordship in my despatch of the 28th of that month. I observe that in one part of this despatch, Mr. Seward states that the Government "must revoke" the exequatur; and in another, he desires Mr. Adams to inform your Lordship that the exequatur has been withdrawn. I have no reason to suppose that the formal act revoking the exequatur has yet been signed. When the exequaturs of three British Consuls were revoked in 1856, the form adopted was that of Letters-Patent published in the newspapers, in the same way in which exequaturs are published. This is, I believe, the usual practice. I have not observed in the newspapers any such Letters-Patent with regard to Mr. Bunch's exequatur. I have not received any notice of such letters having been signed. Indeed, I have no official knowledge of there having been any intention to revoke Mr. Bunch's exequatur.

No. 28.

Lord Lyons to Earl Russell.—(Received January 7, 1862.)

My Lord,

Washington, December 23, 1861

I OBSERVE in the note from Mr. Adams of the 21st ultimo, that it is stated that Mr. Bunch's exequatur has been withdrawn. With regard to this statement, I can only repeat the remark which I made in my despatch of the 6th instant, that no notice has been given to me of the withdrawal, nor has any notification of it appeared in the newspapers. I presume that the usual form of revocation is that which was adopted in 1856, when the exequaturs of the three British Consuls were withdrawn by Letters-Patent published in the newspapers; but this step has not been taken, and I have still no official knowledge, except from the passage in Mr. Adams' note above alluded to, even of the intention of the Government to withdraw the exequatur.

I have, &c.
(Signed) LYONS.

No. 29.

Lord Lyons to Earl Russell.—(Received January 15, 1862.)

(Extract.)

Washington, December 31, 1861.

I HAVE the honour to inform your Lordship that Mr. Seward mentioned to me, in conversation yesterday, that Mr. Bunch's exequatur, as Her Majesty's Consul at Charleston, was actually revoked some time ago.

The fact of the revocation was, I perceive, formally announced to your Lordship by Mr. Adams in a note dated the 6th instant, of which you have done me the honour to send me a copy.

I do not think that I should be right, in the absence of orders from your Lordship, either to communicate the fact officially to Mr. Bunch, or to give him positive instructions concerning it. But I shall acquaint him confidentially with what has occurred, and advise him to abstain from performing Consular acts the validity of which would be likely to be disputed by this Government. I shall, however, recommend him to remain at Charleston, and to make no unnecessary change in his demeanour, until he receive instructions from your Lordship. His Vice-Consul will be able to sign such papers as are required for use in these States.

The obstruction of the entrance to Charleston harbour by the vessels sunk by the United States will probably render it in any event necessary to select some other point to which to send Her Majesty's ships to keep up the communication with the Consuls in the Southern States. In this respect, therefore, the withdrawal of Mr. Bunch's exequatur will not, perhaps, cause any particular inconvenience. But I confess that I should greatly regret being deprived of the very valuable information which he furnishes on the state of affairs in the South. Nor would it be easy to conduct the ordinary business of the Consulate, which is now often of a difficult and delicate character, if the Consul were a man of less experience and less local influence than Mr. Bunch.

No. 30.

Earl Russell to Lord Lyons.

(Extract.)

Foreign Office, January 18, 1862.

WITH regard to your despatch of the 31st ultimo, drawing my attention to the revocation of the exequatur of Mr. Bunch I have to observe—

1. Her Majesty's Government do not dispute the right of the Government of the United States to withdraw the exequatur of Mr. Consul Bunch, although Her Majesty's Government are of opinion that there was no sufficient ground for that act of authority.

2. The Vice-Consul can, as you suggest, sign such papers as are required for use in the United States.



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